Daily Report

Latin America

FBIS-LAT-91-059
Wednesday
27 March 1991

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FBIS-LAT-91-059 *27 March 1991*

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Presidents Speak at Signing of Mercosur Treaty

PY2603163891

[Editorial Report] Asuncion Red Nacional de Television in Spanish at 1620 GMT on 26 March begins live coverage of the ceremony to sign the Treaty of Asuncion, which will create the Common Market of the South, Mercosur. The ceremony is being held in the Hall of the Americas at the Central Bank building in Asuncion. It is attended by Brazilian President Fernando Collor de Mello, Paraguayan President Andres Rodriguez, Argentine President Carlos Menem, Uruguayan President Luis Alberto Lacalle, ministers, and dignitaries.

At 1624 GMT, Menem, Collor, Lacalle, and Rodriguez sign the treaty. While they are doing this, the announcer reads the text of the treaty.

The announcer continues to read the text of the treaty as Argentine Foreign Minister Guido di Tella, Brazilian Foreign Minister Francisco Rezek, Uruguayan Foreign Minister Hector Gros Espiel, and Paraguayan Foreign Minister Alexis Frutos Vaesken also sign the treaty. The signing ceremony concludes at 1639 GMT.

At 1640 GMT, an unidentified speaker reads a speech praising the treaty, which is attributed to Chilean President Patricio Aylwin.

At 1641 GMT, Paraguayan President Rodriguez begins his speech by welcoming his guests for the signing of the treaty. He notes: "The Common Market of the South is being born to broaden our possibilities and to encourage the complementing of our productive activities by eliminating the obstacles that hinder economic grouwth, employment, and free competitiveness."

He adds that Latin America's hopes are justified at this juncture, and notes that Europe has renewed itself through integration. He goes on to say that Latin America is meeting this challenge. He says: "We are aware that today is not the end of a negotiation process. On the contrary, we are beginning a great task that will demand fruitful activity, inventiveness, and boldness from us."

Rodriguez notes that the Paraguayan Government will have to commit its political will to this endeavor, and adds that the success of Mercosur will also depend on the sustained effort of entrepreneurs and people. He then says that Latin America should no longer be a producer of raw material, but should modernize its industrial capacity. He adds that advanced nations should help in Latin America's development.

Rodriguez then says that freedom cannot survive without progress, and he notes that history demands support for integration in order to build the prosperity Latin Americans deserve.

At 1650 GMT Argentine President Menem begins to speak. Menem says Latin America has a major role in the world. He notes: "Our role consists of discarding the traditional conflict possibilities that have now passed to the background. Our concern is no longer armed war. Our most important concern must now be peace, but not an inert, hybrid peace. It must be a peace of growth, of real freedom."

He then calls for South America to see itself as a great giant, and he says that economic integration is necessary to give life to this giant. He notes: "This is the only and the best strategy, which will allow our societies to intensify their reconversion and take a great leap in economic quality. This is the appropriate framework, which will allow our mutual advantages to interrelate in such a manner as to ensure our people access to more and better goods. Thus, we are encouraging a healthy price and services competition. This is a path of no return; besides, it is the best path." Menem concludes his speech saying that the treaty marks a reconciliation with historical America.

At 1701 GMT, Brazilian President Collor begins speaking. He notes: "By signing this Treaty of Asuncion, we are reasserting the firm political will of the Governments of Argentina, Paraguay, Uruguay, and Brazil to make a joint effort in the solitary task of building more properous, fair societies that are deeply committed to basic freedoms and the democratic system, and always aware of the need for development in harmony with the environment."

He adds that the Treaty of Asuncion is a reaffirmation of the people's will to promote peace and cooperation as main conditions of progress, and adds that these are sound bases that will allow the Mercosur countries to meet challenges.

He then says that the Brazilian Government is working to meet the challenges, and he notes that it has implemented courageous reforms, improved production, encouraged the market, and worked on relations with the external sector.

Collor announces: "With great satisfaction, I hereby announce a measure that represents the spirit of friendship that presides at this meeting and that reasserts our commitment to permanently improve the forms of understanding among our countries. I have ordered that imports from our Mercosur partners will be exempt from the additional tax for the renewal of our Merchant Marine."

At 1712 GMT, Uruguayan President Lacalle begins to speak. Lacalle says that the new name of nationalism is prosperity. He notes that Paraguay, Argentina, Brazil, and Uruguay now face a difficult and monotonous task that is essential in order to go beyond mere paper. He notes that this is the beginning of possibilities, not certainties, and expresses the hope that the workers and businessmen will use this opportunity. Lacalle finishes speaking at 1727 GMT.

At 1728 GMT, the four presidents join hands and raise them as the audience applauds. They then leave the hall.

At 1729 GMT, Argentine Economy Minister Domingo Cavallo is interviewed by an unidentified reporter. Asked his opinion of the treaty, he says Argentina has been promoting an open, competitive market since the beginning of the Menem administration. The interview ends at 1731 GMT. Live coverage ends at 1732 GMT.

Cuba

Castro Notes Improved Ties With Latin America

FL2603212591 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 26 Mar 91

[Text] Simon Bolivar, the liberator, came to Havana for a two-day visit on a day like this one, 192 years ago. This historic visit has been commemorated with a very noble and beautiful ceremony. Commander in Chief Fidel Castro, president of the Councils of State and Ministers, participated in placing a plaque and time capsule at the Simon Bolivar House, which is to be restored in the heart of Old Havana as a reminder of Bolivar's visit to our city and the validity of his Latin American thinking.

Bolivar, who so loved the liberty of Latin America and spared no sacrifice to obtain it, wanted more than anything else to see Latin America become the greatest nation in the world. The renovation of this house that will be named after him opens a new opportunity to turn our city into a Latin American cultural center.

[Begin recording] [Reporter Estrella Fermillo] You have read Marti's and Bolivar's writings extensively. They advocated Latin American unity so much. To what extent are we alone, while our Latin American brothers are so close?

[Castro] All of you always repeat the same question. The other day in a ceremony at El Paraiso another comrade asked me a similar question about being alone. We have never had so much company. We are alone, we could say, at the top. [laughs] We are alone on the highest, highest, highest peak, but we are in the company of Latin Americans. Especially since of all of our revolutionary history we now have the best relations. There are some exceptions—there always are, as is natural—but never before have there been so many ties, so many relations between us and Latin Americans. As I mentioned the other day to some students, there is a growing consciousness, as the Venezuelan historian also mentioned, of the dangers of today's world. This makes us closer, unite, and at least from Latin America, we are receiving many indications of support, from all over, and they hope that we will be capable of rising to the challenge of this moment.

[Fermillo] And to what extent ....

[Castro, interrupting] You said one question, and this one makes two. [laughter] Why do you not speak with Morela and ask her one? [laughter]

[Fermillo] And to what extent is Bolivar's thinking still valid in these turbulent times?

[Castro] Well, more than ever, more than ever, Bolivar's and Marti's; their thinking was very similar. We are now suffering the consequences of not having united before. That is why their thinking is extraordinarily valid, even more than in their own era. Marti had already set forth that concept; they both say the same thing. Bolivar stated the idea that we seem to be plagued in the name of the United States with ....[rephrases] What was that phrase he used with respect to Latin America?

[Unidentified speaker] The American hemisphere in the name of liberty.

[Castro] Yes, yes, in the name of liberty. Likewise, Marti said that everything he had done, and would do, was meant to prevent, through Cuba's independence, the United States from falling upon the Latin American nations as one more power. Both ideas are very kindred but particularly today, at this specific juncture, they are more valid than ever. Ask Morelia, Morela [corrects himself]. It is not Morelia; Morelia is a state in Mexico. She is Morela.

[Morela] All I want to say is that Bolivar is what brings us together today. That is all.

[Castro] And Marti.

[Morela] And Marti.

[Castro] Marti was born nearby, very close to this place where we stand. Both houses are close, Bolivar's house and Marti's house. [end recording]

After the ceremony, Venezuelan mezzo-soprano Morela Munoz offered a beautiful concert of Latin American and South American Indian songs.

Castro Addresses Student Federation Meeting

CM2703152491 Havana Cuba Vision Television in Spanish 0140 GMT 26 Mar 91

[Speech by President Fidel Castro during a meeting held to announce the Eighth Congress of the Federation of Secondary School Students at the Libertad School in Havana on 23 March—recorded]

[Text] [Castro] Dear FEEM [Federation of Secondary School Students] Comrades:

Today has been a day of celebration for you. I know that you have been here since 1700. [audience response indistinct] No?

[FEEM President Barbara Cumplido] Many have been here since 1600.

[Castro] Since 1600, but has the party been going on since 1600?

[Cumplido] The party began at 1700.

[Castro] You are going to go on. Is that not right?

[Cumplido] Yes.

[Castro] You are going to continue partying as soon as the ceremony is over. This is a day of celebration in every sense. You are also announcing the eighth FEEM congress which will be held in December. This is why today I beg you to excuse me for not delivering a speech

here and allow me to only make brief remarks to express our gratitude for the gifts, because you have named me delegate to the congress, for the bicycle you gave me—you have placed me in a bind if I also have to ride it because, as far as I can remember, I was always a poor bicycle rider [laughter].

I am a peasant from Biran. Imagine me arriving in Havana. I was more or less like you. I would have been in the FEEM if a FEEM existed during that time. I attended a school not far from here. It was a Jesuit school which was pretty far away from Havana. During that time, during that time [repeats] one had to catch a streetcar close to where the Tropicana is located because that school is close to the Tropicana. It was the I-4 route. It said Marianao-Central Park. This is all I knew about Havana. I [chuckles] had never been in Havana before. You can imagine how surprised I was or felt when I arrived at that terminal and started to cross the streets of Havana for the first time. I thought that the four story buildings were huge. This is how I got to the school. I believe that the next day I was feeling adventurous and rode the I-4. It said Marianao-Central Park, Marianao-Central Park [repeats] and I ended up at the Central Park. I do not know how I returned to Marianao because I rode the streetcar again and returned to the same spot. That was my first adventure.

The worst one was when it occurred to me to rent a bicycle one day. I rented a bicycle and went from there to Central Park. The worst thing was that I did not know how to ride a bicycle. There were no bicycles in Biran and [chuckles] I did not know how to ride one. I got into the traffic. How many violations must I have committed. It was a miracle that I arrived there where the streetcar went and I returned riding the bicycle. I believe I went back to the place where they rented the bicycles. I do not even remember well. I believe it was not too far away from the school. I even had an accident with the bicycle. I was riding around the school. There was a narrow doorway and I had a big crash. It was in the middle of a basketball championship. I was very exited because I had already been admitted as a regular team member. I ruined that season because of the bicycle accident. I had to be taken out of the championship because of it. The little accident was pretty bad.

Medical services were not as good then, but fate is fate. It could have been worse. I was going down a little hill and crashed against one of the entrance's columns. That is called an accident waiting to happen. What do the police call that? An accident waiting to happen because if you had to go through a narrow door coming from a little winding road, it was logical that anyone wound end up crashing. This is why I recommend the UJC [Union of Young Communists] and FEEM comrades—from the time we distributed the first bicycles we recommended—that you learn how to ride them. This is the key.

We have instructed the work centers not to hand over bicycles until you learn to handle them well. I myself had an experience in that sense. We have to do everything possible to prevent accidents. We are entering the age of bicycles. This means that habits, measures, and controls will have to be put in place to achieve traffic safety. Of course, we will have to adapt it to this new culture we are going to have. It is something the country needs at this time. I believe it will be a created habit that will remain permanently. There are highly developed countries that have the habit of using bicycles. For those who worry about the environment, who want to prevent the poisoning of the atmosphere, the bicycle has turned into a great instrument, not only for transportation but for exercise and to maintain health.

We have begun this era with the students. The first ones to receive bicycles were the university students. The secondary-level students were given bicycles, that is pre-university and technological school students. At least.... [changes thought] I believe that no less than 40,000 bicycles have been distributed among students. Some 40,000 bicycles have been distributed.

We have had to go slowly. Second-year students were given bicycles. These comrades are completing the course. I hope that we will be able to give bicycles to freshmen students a little later. Many of you will have bicycles when you enter the universities and higher studies institutions. They will continue being distributed. We are going to be thinking basically in the distribution of bicycles in the rest of the country during the next school year. We still do not have enough. We have given priority to Havana because it is where we have the most serious transportation problems, where students and workers live further away from their work and study centers. It is where we have greater problems and if the situation worsens during the special period it is necessary to have the greatest number of bicycles in the capital to guarantee the operation of work and study centers.

Of course comrades, bicycles are not given to lumpen. There are always some around there. Bicycles are given to students and workers. As you can see, 65,000 Chinese bicycles have already been assembled. The first phase, the first phase [repeats] calls for 200,000. Aside from that, over 20,000 Soviet bicycles were distributed. Those were the ones we already had. So, some 85,000 citizens, student or workers, should have their bicycles.

I said the first stage called for 200,000 and the second stage calls for 500,000 which are on their way. Therefore.... [changes thought] Our factories are beginning to produce bicycles. I hope they are as elegant and good as these. If you are going to make bicycles they have to be of good quality. We cannot build bicycles without the necessary quality level. Our industry is going to produce 100,000 bicycles this year. Therefore, we will have distributed some 800,000 in 1991. Part of those 800,000 will go to the rest of the country.

We talked with the education minister and the comrades of Oriente Province to have two technological schools assemble bicycles. I believe we should start thinking

about other provinces. Of course, we will not only have the 570,000, the 100,000 we are building. We could start thinking on a technological school in eight or 10 provinces. I believe that Havana could supply Matanzas. Is that not so? It is close by. [indistinct voice in crowd] So you have two. Why do we not take the steps? What happens during vacations? If technological schools stop, do they stop assembling bicycles? [indistinct voice in crowd]

The students at technological schools who have learned to assemble bicycles are going to work on vacations. Is that not so? They are the ones who already know how to assemble bicycles. Because the ones who have not had the experience.... [changes thought] They now learn in 40 days.

Let us coordinate. I suggest that you coordinate with the various parties involved in this so that we place at least.... [changes thought] Are you saying that each province has two, two technological schools? Well, Havana Province would not need them. Twelve provinces are left, 12 provinces. Well, some are smaller and others are larger. This would involve redistribution among the nearby provinces. Well, let us .... [changes thought]

Do you think we can open them this year? How long does it take to open a shop?

[Unidentified speaker] It depends on the materials but the conditions can be created in approximately one month

[Castro] The conditions can be created. Well, in that case, let us create the conditions to assemble.... [changes thought] Of course, the bicycles will later be built in the provinces but a certain number have to be assembled in one year anyway. Let us open some 12 shops.

Three shifts do not have to be put in place initially. We may be able to have two shifts in each one of the 12 provinces. A few more can open in Santiago because we already talked with them. Santiago has a larger population; a greater need. We can begin with at least two shifts in each one of those shops. We will supply them with the bicycles so that they can assemble them.

Let me tell you that there is a savings. We buy an extra bicycle with every four we assemble. For each bicycle we assemble.... [changes thought] Yes, more or less with every bicycle [corrects himself] with every four. Let us say, with a little over three. We buy one or more bicycles with what we save with every three or four bicycles we assemble. In addition, it is better to transport bicycles unassembled, in boxes. If not, a huge ship would have to be filled with bicycles to bring a few thousand. Bicycles are brought much more easily in boxes, in parts. They take much less space and transportation costs much less. I repeat, we can buy one more bicycle in China with what we save by assembling them here, for every four bicycles we assemble.

So, if we have 700,000, figure out that we have bought some 150,000 bicycles with what we have saved by assembling them here. Students have had an important role on this. This will also allow us to begin distributing bicycles in the provinces. We can begin—we should do the same thing we did here in the capital, we should begin with university and mid-level students, university and mid-level students [repeats]. This would more or less be the idea so that they do not see that many bicycles are distributed here and not there. This is why I have explained there is a vital need for the economy and studies here. In some smaller cities.... [changes thought] A city of 2 million inhabitants is not the same thing as a city of 100,000 inhabitants. Everything is much more closer. Everyone lives much closer to work and students live closer to school.

Santiago de Cuba is a little larger city. It is not as easy to ride bicycles there because it has quite a few hills. This is why we are going to have two technological schools assembling bicycles. Santiago de Cuba is going to have a certain priority. We have had to give Havana priority but all students are going to have bicycles. They are going to have the same opportunities you have had.

We are planning to produce half a million bicycles in Cuba next year. We are going to fight to obtain that because the factories are going to be new ones. But we are planning to produce half a million bicycles next year and purchase another half a million. So, we are planning to have 1 million bicycles in 1992. We will get close to 2 million. So, those who ride buses, trucks, and cars better get ready to get used to deal with bicycles and to respect bicycles.

There is something else. These Chinese bicycles need the front lights. We have ordered the Dynamos the Soviet ones have. They are lights to place in front of the bicycles. They could be of the other type, those that are reflected. We are also going to buy ones that are placed on the tires, some that are placed on the tires. [repeats]

We are purchasing all the accessories so that bicycles can be seen at night. Front lights are missing in the Chinese bicycles that are being distributed now. This is why I ask students and workers who have them to be careful and avoid riding the Chinese bicycles at night. They need to ride them very carefully because they do not have that little front light.

Sufficient number of front lights and lights for tires are on their way. We want bicycles to be seen clearly and to reduce the danger of accidents. This is why I warn you. Since we have the names of all of those who have received bicycles, we will provide them with those accessories as soon as they arrive.

Some people do not like the Dynamo that goes in front because it goes attached to the front wheel and wears out the wheel. It also causes more resistance to the movement. This is why some people prefer not to have the Dynamo. Anyhow, we bought the Dynamos for Chinese bicycles and we will see that they can be available for

those who want to buy them. We are also making investments in the tire industry to produce millions of tires. The same factories that are going to produce bicycles are going to produce enough bicycle parts. I believe we will solve those and many more problems such as those of the opening of assembly and maintenance shops.

Oh, I believe that the Chinese bicycles do not have padlocks. We have ordered the padlocks and also the little pumps which did not come with the bicycles because the width had to be changed to adapt them to the same ones our gas stations have. This is why these elements did not come. Nevertheless, thousands of Chinese bicycles are being distributed. This is the situation regarding the bicycles.

I warn you that each citizen of this country who is capable of riding a bicycle will end up having a bicycle. This is why I tell those who have not received one to be patient. These bicycles have been sold to students at a special price and they have been sold at a very low price to adults. They have been sold to adults at practically wholesale prices. As I said, they have been sold to students at a special price. There have been times when someone has received a bicycle and an illegal street vendor immediately shows up offering 700 or 800 pesos for a bicycle. I hope that students do not sell their bicycles. Students without a bicycle will be like peasants without a horse. So, I hope you keep them and take care of them. A bicycle lasts years.

The other day I came across a peasant student, a young man, a child, who had a bicycle that was about 25 years old. I see some journalists around there. I believe that journalists also had a quota of bicycles. Journalists and workers of the journalist sector where asking for bicycles. This is why I say, there will be plenty of bicycles for all. The necessary measures have to be taken to reduce accidents.

Dear comrades: I know what you have done this year regarding the food program. I know about the efforts made. I know about how the FEEM students have behaved in Pinar del Rio. They won a lot of prestige. I know that you worked better than ever this year, with more efficiency than ever. This is the response we expect from you under the circumstances the country is in. We are happy for our students' behavior, their revolutionary spirit, their patriotic spirit makes us happy. I believe that you have lived a special time in the history of our revolution and our fatherland. We are pleased and are proud of the fact that you have known to be at the level of this time our country is experiencing. [applause]

You were born listening to stories about the revolution but you, at an early age, know what the revolution is about, not only because of what you see and what you read, not only because of what your teachers and parents have told you, but because you are taking part in it.

The destiny of the fatherland and the revolution will greatly depend on your work, on your participation. What you learn about the history of our fatherland will tell you how many centuries we lived as a colony, how much our people fought for their independence, how much they suffered with the Yankee interventions, and how much they suffered with neocolonialism and capitalism. Imperialists dream about taking away our revolution. Imperialists are hoping that our people will not be able to resist the difficulties the special period could bring us. Imperialists are dreaming that the day will come when not a trace of the revolution is left.

During this time we are living, Comrade FEEM students, to eliminate the revolution would not only mean to eliminate all the achievements made by our people in the social area, with all the dignity achieved by our people, with all the justice obtained by our people. The elimination of the revolution and socialism in our fatherland would mean the elimination of the fatherland forever. [applause]

The United States dreamed many times of taking over Cuba. In the last centuries, our people ran many risks of our fatherland falling on the hands of that expansionist nation which later was turned into the largest empire, the most powerful empire in the history of humankind. It was our people's struggle for 30 years, the courage and heroism of our people and their efforts throughout this century that made it possible for this dream to never become a reality. If imperialism could eliminate our revolution and our socialism as it dreams—it never will—hypothetically, if that dream became a reality, they would come here to devour our natural resources, our wealth, to get a hold of everything, to subjugate our nation, and subjugate Latin America as it also dreams about. They are not hidden dreams but openly stated dreams. The philosophy and ideas of empire and the leaders of the empire, is that of U.S. dominance for 1,000 years. They have stated this. They have talked about the American era. For us, it would be the Yankee era of 1,000 years.

Others already talked about 1,000 years. They were the Nazis before and during the World War II. They talked about the domination of the Nazi Germany for 1,000 years. The same language is being used today in the leadership circles. It is the language used now by the chiefs of the empire. Those dreams were not lasting dreams. Undoubtedly, the Yankee empire is much more powerful than the German empire during its time. This, however, will only be good to measure the importance of our struggle, the magnitude of the challenge we have before us, the magnitude of the challenge the peoples of the world have. This world is already being described today with some words we were among the first ones to use. We said that a bipolar world was advancing toward a unipolar world, with an enormous power. This is taking place as a result of the disaster which took place in the socialist camp and as a result of the great difficulties the Soviet Union is having today, which is involved in a true effort to survive as a great multinational state.

I am aware of the concerns of many people in this world because of the opportunity we have to speak with visitors, with leaders. I am aware of the concerns of our Latin American countries as we had never seen before regarding the threat the United States poses, the threat the empire poses for Latin American peoples. I carry deep within me their words and messages when they tell us that they have confidence in us, when they tell us that they see in Cuba an example, a true example with which we cannot be without in this era. They say that they have confidence in our firmness, in our ability to fight and resist.

This means that today Cuba, our people, the Cuban revolutionaries, our workers, you, have a very big responsibility, not only before the people and the fatherland but you have an enormous responsibility with the Latin American peoples. You have an enormous responsibility with all the people of the world. Never in our history did the young people and our compatriots have such a responsibility. Never has such a large weight fell on our shoulders.

Therefore, the principles we defend here, the freedoms, independence, ideas, dignity, and freedom we defend here [as heard] are the ones billions of human beings in the world see threatened. [applause]

This is why I said what we have to defend is extremely important and very sacred. I tell you that I have the deepest conviction that our people will know how to fulfill their duties and that you, young mid-level students who were born during the revolution and are essential and inseparable parts of the revolution, will know how to fulfill those duties, one day in the class rooms, another day in the countryside, another day by lighting the red and burning flame of the revolution, and if circumstances dictate. You will also know how to defend it with weapons on hand and with your courageous blood. [prolonged applause]

As fighters we have done the most, we have done everything for the welfare of our youths so that not a single child was left without a school, so that not a single child, not a single Pioneer, not a single adolescent, not a single young person, not a single citizen was left without a doctor. We have done everything humanly possible, everything for your tranquility, for your peace, for your security. But the world we live in is not a earthly paradise and it is far from being ideal. It is convenient that we are aware of this reality early on.

As fighters, we would also like to be like one of you, to be able to have the privilege of living the time in which you are living, to have the privilege of having the honors you have, to have the privilege of having the enormous responsibility you have. Those honors and responsibilities also fall on us. But we would like to be like one of you today, to have that endless energy, that ardent blood, and that infinite enthusiasm you have. [applause]

As fighters, [applause] as fighters, for all those who are capable of appreciating the most noble values of men, for all of those who are capable of appreciating the meaning of each historical event and each epoch, there will be no doubt that having been born not in the Fifteenth, Sixteenth, Seventeenth or Eighteenth Century, not even in the Nineteenth Century, not even in the first half of the Twentieth Century, but it is a privilege to have been born in this century, in the second half of this century, in the trascendental times in the history of mankind in which you were born. [applause]

This is why, at the same time that I congratulate you for what you have done, and I wish you success in the preparation of the congress, I also urge you to work for that event where we will meet again you and I, to analyze more thoroughly the problems. I say and reaffirm it, with more justified conviction than ever, Socialism or death! Fatherland or death! We will win! [crowd joins in slogan and applauds]

French Senate Delegation Continues Visit

'Search' for Democracy Noted

PA2603171191 Havana International Service in Spanish 0000 GMT 20 Mar 91

[Text] (Jean Lecanuet), president of the Foreign Affairs and Defense and Armed Forces Commissions of the French Parliament, who is currently visiting Cuba as the head of a delegation of French senators, gave an exclusive interview to this radio station following his meeting with Juan Escalona, president of the National Assembly of the People's Government. In his statements, (Lecanuet) explained the reasons for the French politicians' visit to Cuba and how they view the current Cuban situation.

[Begin (Lecanuet) recording in French with simultaneous Spanish translation] Why did we come to Cuba this year? There are several good reasons for this. Initially, we wanted to have a first-hand view of the Cuban situation. I would like to say that, as Frenchmen, we understand Cuba's determination to affirm, maintain, and defend its national identity. Our visit has allowed us to confirm our feelings. Since the triumph of the revolution, the Cuban people have made genuine progress in several fields, particularly in the fields of health and education.

Why this interest? It stems from the fact that the entire world is changing and these changes are being reflected in the great weakness or perhaps the danger of disintegration of the USSR. We know that for many years the USSR has given much material aid to Cuba. The question is whether Cuba can continue to count on help from the USSR to further its development. We believe that the Soviet aid will decrease.

Second, we, the people of France, are allies of the United States within NATO, however, we reaffirm our national independence and, as you know, while reaffirming its national identity and its Latin nature—something that brings it closer to the Latin American countries—France

wishes to build a European economic and financial community, which is in the planning stages, as well as a political community.

In summarizing, in a strong and stimulating manner, but with much friendship for the Cuban people, as the USSR becomes weaker, it will probably decrease its aid to Cuba. In light of the fact that the United States has not changed its attitude toward Cuba, would Cuba not be interested in turning its eyes to France and Europe and find support in a strong political and economic power in an attempt to (?strengthen) its changes in a more democratic manner? We have proven that, and I felt it this morning, a search is underway for more democracy in this country. Therefore, and without reaching a definite conclusion, I believe that our first meetings with the Cuban authorities have been filled with friendship and even hope toward improving our relations in the future. [end recording]

Delegation's Meetings Reported

FL2603160591 Havana Tele Rebelde Network in Spanish 1200 GMT 26 Mar 91

[Text] A delegation, composed of seven French senators visiting the country since last Saturday, met with several Cuban officials yesterday. Monday's most important meeting was with Dr. Carlos Rafael Rodriguez, vice president of the Councils of State and Ministers, who expressed his appreciation for the interest in Cuba shown by such an important delegation.

Senator (Jean Lecanuet), chairman of the Foreign Affairs and Defense and Armed Forces Commissions of the French Parliament, heads the politically diverse delegation. The visitors also had a chance to meet with Foreign Minister Isidoro Malmierca at the Foreign Ministry's offices.

The senators started their day with an informal discussion with Dr. Juan Escalona Reguera, president of the National Assembly of the People's Government. Responding to the senators, the leader of the Cuban parliament commented that Cuban authorities have paid close attention to the suggestions the people made during the discussions of the call for the Fourth Congress of the Communist Party of Cuba. Escalona made reference to the changes that are needed to be introduced in our Constitution to improve the performance of Cuban Government organizations.

The French senators also showed interest in some aspects of the local economy and religious freedom in Cuba. The delegation members plan to meet with several other ministers and officials today.

Cabrisas, Cienfuegos Meet Senators

FL2703030791 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 27 Mar 91

[Text] In a continuation of their meetings with Cuban officials, the seven French senators visiting our country have met today with Osmani Cienfuegos, vice president of the Council of Ministers. With him they discussed the current development of and prospects for tourism in Cuba. The delegation, headed by Mr. (Jean Lecanuet), president of the Foreign Affairs, Defense, and Armed Forces Commission of the French Senate, also met with Foreign Trade Minister Ricardo Cabrisas.

Luis Gutierrez, vice president of the National Bank, and Raul Taladrid, vice president of the State Committee for Economic Cooperation, also attended this meeting. Both parties talked about bilateral trade relations, and Minister Cabrisas explained the conditions under which Cuba has to carry out its foreign trade ties after the changes in Eastern Europe and the USSR. The French senators, who are representatives of rightist, centrist, and leftist parties, were accompanied by French Ambassador to Cuba Mr. Philippe Peltier.

Politburo Member Machado Inspects Food Program

FL2603141591 Havana Tele Rebelde Network in Spanish 1200 GMT 26 Mar 91

[Text] Intense efforts are being conducted throughout the country to foster the development of economic and food programs.

[Begin recording] [Reporter Rafael Plasencia] Politburo member, Jose Ramon Machado Ventura, has conducted a two-day tour of Villa Clara Province.

[Machado Ventura] I am very impressed, especially by the spirit of the people, of the workers, who have shown so much initiative. They are truly aware of the reasons behind their work and why they are preparing for such difficult times. They are very aware, which means that they also have a good ideological preparation. That is obvious.

This morning we visited the construction site of the causeway to the Keys and the work accomplished there is truly admirable in terms of the strategic value it has for the development of the province, the country, and particularly this city. We also saw something else, the performance of the workers, their efforts, their passion, and their dedication to the completion of this task. I think this is also very important. [end recording]

* Sociologist Reports on 'Underground Capitalism'

91P40197A Saint-Denis LE JOURNAL DE L'ILE DE LA REUNION in French 20 Feb 91 p 35

[Text] According to a report by a sociologist at the Academy of Sciences of Cuba, crime and corruption are endangering Cuban socialism. In his report, Fernando Barral draws the attention of the authorities to the development of an illegal "second economy" which, he writes, is gaining ground at all levels of Cuban society, including among people who hold positions in the system. In an interview with AFP, the author of the report, which was commissioned by the Ministry of the Interior, spoke of an "underground capitalism" that is

compromising "the future of our society." He also criticized perestroyka in the Soviet Union for having led "the neocapitalist ideology to take a dominant position." For Fernando Barral, the well-known petty crime and black market in Cuba have taken on a new dimension. Police operations named Cascavel, which were begun six months ago on the island, are reinforced by television reporting and tend to confirm Barral's thesis.

According to informed sources, the police operations have resulted in hundreds of arrests, which run the gamut from "father to son" and include the recent arrests in Cienfuegos of owners of vehicles that had been illegally converted into taxis.

* Regime's Attitudes Toward Religion Discussed

91CA0078A Mexico City EXCELSIOR in Spanish 19 Feb 91 pp 4-A, 39-A

[Article by Felicitas Pliego]

[Text] Havana, 18 February—The fact that a small number of believers have joined the Communist Party [PCC] does not solve Cuba's religion problems. The Catholic Church believes that to do that, more steps must be taken. One such step would be to introduce in the National People's Government Assembly a bill on religion that would set forth the rights and duties of believers and religious institutions in Cuban society, said Enrique Lopez Avila Oliva, professor of history of religion in America and of America, at the University of Havana.

As for human rights groups (in Geneva the United Nations Human Rights Commission has taken up the problem of Cuba again, and certain groups of Cubans living in the United States are trying to have a rapporteur assigned to the island), he said that people call them "travel agencies." He does not believe they are a significant alternative, given that they are made up of former political prisoners and people who have quit their jobs here and basically want to leave the country.

He added, however, that the very existence of these groups is a reflection of a sociological process, although right now the problem of human rights is primarily political, and that has detracted from their credibility.

Lopez Oliva indicated that the position of the Catholic Church on this situation has been stated several times by the bishop of this city, Monsignor Jaime Ortega. He has expressed concern that both sides have turned human rights into a highly politicized issue, and has noted that the church is extremely sensitive to it.

He added that the church has publicly acknowledged that major advances have been made in Cuba in terms of the so-called collective rights, in areas such as health and education, but it feels that there is still a long way to go on individual rights, particularly political ones.

The church, he said, pays special attention to the matter of religious freedom, and in this regard he feels that there has been progress in Cuba, although much remains to be done.

In this context, he indicated that the Catholic Church believes that the fact that a small number of believers have joined the PCC does not solve the religion problem.

He pointed out that the church advocates a wide-ranging, open, frank, and profound dialogue covering the problems it has with the government, for the purpose of seeking constructive solutions without publicity.

He commented that in a way this dialogue began on 2 April of last year, when President Fidel Castro received a group of Evangelical leaders (in Cuba there are more than 50 Evangelical denominations, with 0.02 percent of the population professing to be Evangelicals). He also noted that the Catholic Church has not had such an opportunity, though it continues to hope for one.

We Are in Transition

Lopez Oliva stated that Cuba is currently undergoing a transition process, and that the problems between the church and the government are closely related to the extremely difficult times the country is going through. The dangerous isolation of the country and the changes in the Eastern Bloc and in the rest of the world are having the worst possible effect on the Cuban process, he said.

The most visible aspect is not religion, but food, he pointed out, referring to the Special Plan. The preparations for the IV Congress of the PCC should be viewed within this context; the uncertainty about the date when it will be held is an indication of what the situation is like. There are rumors that it will take place in May, in July, or at the end of the year. Some say it will be held as soon as the war in the Persian Gulf is over. He also mentioned concern about whether or not the Soviet Union will fulfill its economic commitments to Cuba such as the supply of petroleum, etc.

Other concerns include the effectiveness of the Food Plan, and Cuba's possibilities for finding alternative markets outside the Soviet Bloc, signing economic pacts, and attracting investment from capitalist countries such as Spain, France, and Mexico, not only in the tourist sector but also in others that have not yet been identified. Lopez Oliva also discussed the possibility of Cuba's economic integration with Latin America, and noted that Mexico could play a key role.

He added that relations with the United States are also a major factor.

Lopez Oliva emphasized that the economy has a decisive impact on the political sphere, although there cannot be economic reforms without political reforms. He also said that the IV Congress of the Communist Party of Cuba could be a milestone in that regard.

"I believe," he commented, "that the revolutionary leadership has matured thanks to a combination of historical situations and moments."

Christmas Worship by Evangelicals

Lopez Oliva indicated that this past Christmas, Cuban radio broadcast a Christmas service led by Evangelicals. The broadcast, the first since 1960, was repeated later in the day.

Another symptom of change is the renaming of the course on atheism, copied from the Soviet Union and given at the University of Havana, to Religion and Society. It covers issues such as Liberation Theology.

It should be noted that PCC Ideology Secretary Carlos Aldana recently told the participants in the second of two meetings convened each year by the Cuban Ecumenical Council that Cuba never should have incorporated atheism into its Constitution, according to a report by the agency ICIA [expansion not given]. We are copying the proposals of other countries, he said, and are straying from Marti's secular criteria.

Aldana, the third-ranking man in the Cuban regime, also asserted that any step taken by the current government in the future will always be progressive; from this moment on, any Cuban who possesses the ethical and professional qualities embodied in the Revolution may attain the rank of minister, regardless of his religious convictions.

Lopez Oliva stated that Cuban Marxist theorists are analyzing the assumptions of Marxist criticism of religion, adapting it to present-day Latin America and Cuba. They are following recent changes with great interest.

"Since 1979, after the Sandinist Revolution in Nicaragua," he said, "the University of Havana has had a chair in the history of religions in America and of America, which I now hold. That position has been maintained since that time."

There is also a rising interest in religion, which had been a taboo subject, especially among young people. The increased tolerance makes it possible to deal with this subject in more detail.

Subject Has Political Implications

He pointed out that some believers, despite the changes that have occurred, still have a few reservations. They hope, however, that there is no backsliding after the new tolerance.

There are some who see in all this a certain amount of opportunism on both sides. Some people do not understand the opening to the church. And there are also those in the party and church hierarchy, as well as in the opposition in the United States, who are extremely skeptical about the incorporation of believers into the PCC, he indicated.

He emphasized that the religion issue has now taken on political implications above and beyond the social impact. Moreover, it is now having a major influence on Cuba's foreign relations as it strives to strengthen its ties with countries that are fundamentally Catholic.

Lopez Oliva added that after President Fidel Castro's meeting with Evangelical pastors, Carlos Aldana held meetings at the local and provincial levels with Evangelicals as well.

When asked about this issue, he pointed out that the Catholic Church is still in the majority in Cuba; between 35 and 40 percent of the population claim to be Catholic. Even some members of the PCC have publicly declared that they are Catholic, and many residents of the port area of Havana are taking their children to be baptized in places where no one knows them.

He asserted that although in years past Catholic affiliation had declined, activism increased. New, young people have been entering the Catholic and Evangelical churches and asking questions for which priests and pastors have no answers.

He commented that 70 percent of those who attended Christmas services were young people, many of them marginal. Some come and go almost immediately, because their questions receive no answers.

He also stated that in recent years the Cuban churches have turned their interest to the phenomenon of syncretism; they no longer reject this practice, and in fact are attempting to assimilate it.

Different Situation of Churches

Lopez Oliva pointed out that the process that Cuba has undergone in the last 30 years has had different repercussions for the Catholic Church than for the Evangelical churches. He explained that as a result of the conflict with the United States, the latter distanced themselves from the mother churches and missionary entities located in the United States, which forced them to draw on their own human, ideological, and economic resources, and to seek their own solutions.

In contrast, the Cuban Catholic Church, which had been dependent on the Spanish Church, became increasingly tied to the Vatican, he added.

He indicated that another interesting symptom that emerged this year was the celebration of Camilo Torres Day, honoring the Colombian guerrilla priest. The functions at the University of Havana brought together Marxists and Christians, primarily Evangelicals.

He noted that one of the participants in the day's events was the well-known Egyptian-Italian Catholic theologian Giulio Girardi, one of the European precursors of the movement that led to Liberation Theology. At the University of Havana, he severely criticized the Soviet socialists' model in a speech that received a standing ovation.

As for the conflict between the Catholic Church and the state, Lopez Oliva indicated that the principal demands of the church are: access to the mass media, which in Cuba are controlled by the state; the possibility of operating its own media; access to the education system, or at least making education secular rather than atheistic; the construction of churches in new neighborhoods; the possibility of establishing local ecumenical offices; stringent measures against any type of discrimination on religious grounds, in conjunction with the opening up of broad possibilities for Christian believers to participate in social activities, including political ones; the possibility of "importing" clergy; and ample opportunities for religious institutions to organize national and international conferences and for believers to travel freely to them.

The church is also emphasizing the need for a reconciliation between island residents and the members of the Cuban community abroad, particularly those living in Miami. It argues that the needs and problems of youths must be given more attention, that the process of rectification begun by the revolutionary leadership should be strengthened and made truly self-critical, and that there should be freedom to import goods from abroad.

Finally, he stated that the person who began the dialogue between the Catholic Church and the Cuban state—in the difficult years of the 60's, talking to Fidel Castro while they were both scuba diving—was Monsignor Cesare Zacchi, who attained the positions of papal nuncio in Havana, dean of the diplomatic corps in Cuba, director of the Papal Academy at the Vatican, and first adviser to Pope Paul VI on international problems.

A short time ago, he began making arrangements to spend his last years on the island, said Lopez Oliva.

Bahamas

Finance Minister Predicts Revenue Shortfall

FL2603164091 Bridgetown CANA in English 1501 GMT 26 Mar 91

[Text] Nassau, Bahamas, March 26, CANA—The Bahamas could experience a 1991 revenue short-fall of between 25 and 50 million dollars, depending on developments in the tourism sector for the remainder of the year, according to the country's minister of finance, Paul Adderley. He warned that "major action" will be needed to deal with the country's current monetary difficulties and additional borrowing may be considered as an option.

"Projections for 1991, though preliminary and obviously subject to revision, indicate the broad order of magnitude of the problem confronting the Bahamas," Adderley told the Nassau business community recently.

"The inescapable conclusion is that major action is needed to tide over the immediate difficulties. Of course, to the degree that the factors behind these difficulties are temporary, some additional external borrowing could be considered as an option," he said.

Last December, Adderley had said that after 200 million dollars in deficit spending in the past four years, the budget needed to be balanced. The government implemented sweeping tax measures at the beginning of the year to raise an additional 50 million dollars in revenue to help reduce the deficit on the recurrent account and start to pay off short-term debts. As of December, 1990, the country's national debt stood at 880 million dollars.

International reserves continued to decline in 1990 until late in the year when the banks imported 27 million dollars to invest in government stocks to meet the liquid asset requirements. Consequently, the level of gross official reserves stood at 161 million dollars, being seven weeks merchandise imports at year-end, up from 147 million dollars at the end of 1989. Adderley said that there ought to be two to three months worth of imports to maintain confidence in the fixed exchange rate system. The Bahamas dollar has parity with the U.S. dollar.

Adderley told businessmen that the 1991 budget underscores the vulnerability of the Bahamian economy as a consequence of the cumulative effects of a weak fiscal performance over the past few years as well as the unfolding external situation of recession in the United States and the Persian Gulf War.

Revenue measures will produce their full effect in the second half of the year, he said. In addition, Adderley stated that the revenue estimate from the existing tax base is questionable given the poor performance of tourism during the first two months of the year.

"Moreover, there are doubts about the feasibility of attaining the budget goal of what is essentially a freeze on recurrent expenditure, other than debt amortization payments, particularly in light of the overhang of accounts payable in 1990," he said.

All available options must be considered, he remarked, particularly the 1991 financial plan for the government's recurrent balance from the level now projected through means necessary to curb spending and raise revenue. What is also needed this year is a significant tightening of credit policy, he added.

While the credit policy pursued since early 1988 has been markedly tighter than that of 1987, it has proved to be less restrictive than required to prevent a further weakening of the underlying external reserve position, Adderley said.

Cayman Islands

Status for 13 Arriving Cubans 'Uncertain'

FL2603165591 Bridgetown CANA in English 1546 GMT 26 Mar 91

[Text] George Town, Grand Cayman, March 26, CANA—The status of 13 Cubans who arrived here Monday by fishing boat was uncertain after Cayman Islands Chief Immigration Officer John Bostock said it was unclear if the Cubans had arrived by accident or design. Asked if any of the Cubans had sought refugee status, Bostock said: "Not that I'm aware of."

Bostock said an investigation would determine the status of the Cubans and he could not comment further until that investigation was completed. In the meantime, he said, the Cubans would receive medical attention, food, and shelter.

One person who witnessed their arrival at the dock said he talked to the Cubans before the authorities came for them. "They said they were fed up with Cuba and were looking for a new life," said the man who asked not to be identified.

"They had originally set out for Miami, but had drifted south," he added. "They all looked pretty relaxed and happy," the man said.

A local pleasure craft found the Cubans aboard a 45-foot wooden fishing vessel drifting about five miles offshore of Grand Cayman, the largest of the three islands in this British dependent territory in the western Caribbean. They were taken into port where immigration officers took them into custody and refused to allow press interviews. Of the 13 Cubans, six were females including one 5-year-old girl. The Cayman Islands are located about 180 miles south of Cuba.

Haiti

Hijacker of American Airliner Surrenders

FL2603150591 Port-au-Prince Radio Nationale in French 1800 GMT 25 Mar 91

[Excerpt] Eleven months after attempting to hijack an American Airlines aircraft on 2 April 1990, soldier Pierre Gerald decided to surrender to Haitian justice authorities.

[Begin correspondent Chery recording] A soldier from the 52d Company, who was assigned to the airport, hijacked and occupied the American Airlines Boeing aircraft for three days. Pierre Gerald committed this offense because he had problems with his superiors, First Sergeant Charles Renex and Officer Michel Joseph. The act took place on Monday, 2 April 1990. Everyone believed that this soldier turned hijacker was dead. He has reappeared alive and well 11 months after committing the offense. He surrendered to justice authorities. [passage omitted] [end recording]

Trinidad and Tobago

Ruling NAR Seen Preparing for Early Elections

FL2503180291 Bridgetown CANA in English 1428 GMT 25 Mar 91

[Text] Port of Spain, Trinidad, March 25, CANA—The ruling National Alliance for Reconstruction (NAR) has been placed on an election footing, if Monday's press reports of weekend comments by Prime Minister A.N.R. Robinson are anything to go by.

"From today is bois (licks) for so," the EXPRESS newspaper quoted Robinson as telling an NAR workshop/seminar at Sangre Grande, east of Port of Spain [sentence as received].

General elections are constitutionally due by March next year.

The NAR leader is scheduled to visit all 36 constituencies in Trinidad and Tobago beginning Wednesday.

Robinson, who led the party to victory in 1986, capturing 33 of the 36 parliamentary seats, told supporters: "the party of one love is still alive...the NAR is alive, kicking and rising."

In the 1986 poll "one love" was the party's theme.

Health Minister Selwyn Richardson also announced that he was prepared to seek re-election for the south-east constituency of Ortoire/Mayaro.

He made a plea for the electorate to give the NAR a second five-year term in office to complete its work.

"It is not possible for the NAR to do all that is planned in one five-year term. We need at least one more term to really complete what we started," he told a weekend meeting in his constituency.

The two main parties expected to oppose the NAR are the United National Congress (UNC), a splinter group of the ruling party led by former External Minister Basdeo Panday and the People's National Movement (PNM), which formed the government for 30 years prior to its 1986 defeat.

El Salvador

Air Force Commander on Possible Rebel Offensive

PA2603203991 San Salvador Canal Seis Television in Spanish 0200 GMT 26 Mar 91

[Italicized passages are recorded]

[Text] On 25 March Salvadoran Air Force Commander General Rafael Antonio Villamariona warned that Farabundo Marti National Liberation Front [FMLN] rebels could launch a number of offensive activities during the Holy Week vacation.

Military intelligence has detected intense rebel movement on Guazapa Hill during the last three weeks. The commander of the Salvadoran Air Force, Gen. Rafael Villamariona, warned that the objective of this movement could be to advance toward the capital and carry out the military offensive that the FMLN announced before the elections.

The military chief reported that these activities are the reason for the offensive activities being carried out in coordination with artillery troops.

[Villamariona] *We moved troops to that area. There have been strong clashes, the artillery has participated, and the Air Force has participated a little, too. It seems that their scheduled offensive was ready but the clashes they have had with the military forces have slowed the famous offensive they were going to launch during these next few days.*

The military chief said that normally the rebels decrease their activities during Holy Week. He said, however, that the same is not expected this year.

[Villamariona] *These concentrations that have taken place on Guazapa Hill may have been to prepare and concentrate personnel to carry out some activity in the capital area and its surroundings. Usually, the rebels decrease their terrorist activities during Holy Week, however, this time we noticed that they had been moving toward the capital, thus, as I said before, we moved infantry troops into that area as well.*

Gen. Villamariona also confirmed the death of Captain Humberto Aristides Ochoa Ruiz, who died during clashes this morning in northern Chalatenango in the Las Canas Canton and hamlet.

On another topic, the Salvadoran Air Force will form part of the emergency plan set in motion by the relief corps for Holy Week vacations. The military commander said two helicopters will be assigned to supervise the beaches, which will have more visitors.

[Villamariona] *If there is a traffic accident the relief personnel will take the victim to a specific place and the Air Force will evacuate him by helicopter, regardless of the type of accident or the kind of injury the person may have.*

Gen. Villamariona warned that the helicopters, which will be identified in advance, will only carry military medical and Red Cross personnel.

Morazan Rebels Claim Desire for Peace

PA2703044491 San Salvador DIARIO LATINO in Spanish 25 Mar 91 p6

[All quotation marks as published]

[Text] The FMLN [Farabundo Marti National Liberation Front] will adopt a defensive stance in the weeks leading up to 30 May—the date proposed by the guerrillas for the beginning of a cease-fire—several fighters stationed in Pequin, northern Morazan Department stated on 23-24 March.

This view coincides with the proposal made last week by FMLN Commander Joaquin Villalobos, who said that the negotiating strategy was changed to facilitate a simultaneous discussion of several points, to modify the Caracas agenda, and to give priority to the cease-fire.

The man in charge of the Perquin area, identified only as "Paco," made the above-mentioned remarks. He said that the FMLN stance entails a search for a reasonable solution to the conflict and that "the war is on its last breath and it will soon end. "Paco" criticized the government for seeking to reclaim areas occupied by the guerrillas during the 10 March elections. They came to make fools of themselves, leaving zones that are vital to them unprotected," one of the rebels said.

Whereas the FMLN is making a political effort to achieve peace and does not hamper the elections, the army persists in wanting to continue the war, the rebel noted. The guerrillas expressed hope that the opposition parties within the new Legislative Assembly will adopt a firmer stance on ending the war.

Anniversary of Romero's Death Commemorated

PA2603150191 San Salvador LA PRENSA GRAFICA in Spanish 25 Mar 91 p 41

[Text] The 11th anniversary of the death of San Salvador Archbishop Msgr. Oscar Arnulfo Romero, assassinated on 24 March 1980 while delivering mass at the Church of the Divine Providence, was commemorated yesterday. In his homily at yesterday's Palm Sunday mass at the Basilica of the Sacred Heart of Mary, San Salvador Archbishop Msgr. Arturo Rivera y Damas recalled the shocking incident. Rivera y Damas said that what has been done to find and punish those responsible for this crime is not enough and that it is everyone's responsibility to ensure that justice works. The archbishop added that new laws and codes of procedure have been passed and laboratories for the investigation of crimes created, however, this is all useless if the men who are responsible for ensuring their implementation and operation do not want truth and justice to prevail.

"Perhaps the officials are not the only ones to blame. The people are also to blame because they refuse to testify when they have seen their brothers attacked or killed," Rivera y Damas said.

Msgr. Rivera y Damas also mentioned the process under way for the canonization of Archbishop Romero. He said that the process continues with the appropiate seriousness and prudence for the church.

"Meanwhile, those who planned his death remain unpunished," Rivera y Damas added.

During his homily Rivera y Damas said that according to information provided by the Legal Assistance Office, the human rights situation in El Salvador continues to be a matter of concern because, even though peace talks have been held, the war continues. "The 22 victims that the armed confrontations have claimed this week are an indication that the peace agreements must be signed as soon as possible," Rivera y Damas said.

In conclusion, the archbishop of San Salvador said that he is pleased with the United Nation's decision to open an office in El Salvador to ensure that the political agreements reached between the conflicting parties are respected, especially those agreements that deal with human rights.

Panama

Government Telephone Taps Reportedly Continue

G-2 Equipment Said In Use

PA2603190491 Panama City EL PANAMA AMERICA in Spanish 25 Mar 91 p 1

[Report by Juan Pritsiolas]

[Text] The telephone taps and alleged political espionage that marked the previous government have continued in the current administration with the very same equipment used by Former General Manuel Antonio Noriega's G-2, a government source who did not want to reveal his name has reported.

The alleged "intelligence assignments" are carried out by members of the Executive Secretariat of the Council for Public Security and National Defense, who work with organizations installed in Buildings Eight and Nine in the canal area.

According to the source, there are two telephone recording systems able to "pinch" 300 lines. One of the systems was delivered to Noriega by the CIA in 1983.

The telephone tapping assignments are coordinated by an electronics engineer whose initials are C. F.

According to the source, the system, in addition to being used in tasks related to national security, is also used to keep an eye on members of the National Police, the Judicial Technical Police, and government officials who "disagree" with the government.

The political espionage was initiated by Noriega in 1983, when he tapped the telephones of the top opposition leaders, thus discovering the disagreements over Arnulfo Arias Madrid's candidacy, the source added.

The Security Council's work was key in detecting the threats of the followers of Colonel Eduardo Herrera against Attorney General Rogelio Cruz.

Through Menalco Solis, the agency's executive secretary, it was possible to incorporate into the file of the 5 December events a conversation between Solis and Lieutenant Tomas Herrera, brother to the former chief of police, in which the officer requested a pardon for all involved in the rebellion in exchange for not using violence.

The U.S. press has also previously reported on the espionage activities of Security Council members, but President Guillermo Endara denied them.

These reports prompted the Legislative Assembly to designate an ad hoc commission to look into the agency's operations. The commission members could not carry out their duties because the Supreme Court warned that these activities might represent Assembly interference in actions reserved for the president.

The ad hoc commission today tried to present a report to the Assembly plenum recommending that the president present a proposal to govern the Security Council's activities. According to the proposal, the Security Council Executive Secretariat would be one of the positions that the Assembly should confirm.

One of the commission members agreed to debate a proposal authorizing the government to intercept communications to investigate drug trafficking, terrorism, kidnapping, and other crimes related to national security. He rejected political espionage, however.

In opposition to what other jurists think, Attorney General Cruz has maintained that Article 29 of the Constitution permits wiretapping, provided it is authorized by a competent institution.

Endara Claims Telephone Tapped

PA2603192291 Panama City Circuito RPC Radio in Spanish 1730 GMT 26 Mar 91

[Interview with President Guillermo Endara by unidentified reporter at the Presidential Palace in Panama City on 26 March—recorded]

[Text] [Endara] Concerning charges, or rather insinuations, that the National Defense Council acts as the Presidency's intelligence and information office, I wish to tell you that the National Defense Council is not involved in any type of political espionage. Such actions are not allowed. I supervise all the work the Council does

and I can tell you that it does not carry out political espionage activity. This office only gathers intelligence information that the president must have to make decisions and to know what is happening at the international level and at the public order level. There is no political espionage being carried out.

I also wish to mention that a few days ago, as part of its duties, the National Defense Council detected, and on Saturday they brought technicians to me who told me that this phone, this phone [repeats], the phone I use for my most private and confidential matters, is tapped. This has been confirmed.

[Reporter] By whom, Mr. President?

[Endara] I do not know, therefore, I am looking into this matter. [sentence as heard] It is precisely because of things like this that I need an intelligence and investigations office, to prevent such abuse from being inflicted on the president.

[Reporter] Is the phone [words indistinct]?

[Endara] All its functions.

[Reporter] Could this be an internal [word indistinct]?

[Endara] This is a direct line. It is the phone I use to discuss the government's most private and confidential affairs.

[Reporter] Could this have something to do with the attempts to overthrow you?

[Endara] I do not know. As I already said, this was confirmed on Saturday and we are looking into the matter to find out who did this.

[Reporter] [Question indistinct]?

[Endara] I do not know who is doing it [words indistinct].

[Reporter] Mr. President, we would like to know if the government, especially the Council, have the G-2's tapping equipment?

[Endara] We have nothing that belonged to the G-2.

Possible Assembly Investigation

PA2603183991 Panama City Radio KW Continente in Spanish 1230 GMT 26 Mar 91

[From "The Word" Program hosted by Mayin Correa]

[Text] [Correa] Apparently the Legislative Assembly will investigate an espionage agency operating in Panama. A report published by EL PANAMA AMERICA written by journalist Juan Pritsiolas states that the telephone taps and alleged political espionage that characterized the previous regime continues in the current administration with the very same equipment used by the G-2 of toppled General Manuel Antonio Noriega, an official source who asked to remain anonymous has revealed.

One day I went to Amador for a bicycle ride and I saw that building. I wanted to see Noriega's office because I had never [words indistinct]. I had only seen it on videos. I saw civilians there. It was a Saturday or Sunday and I asked them: Can I look? I have never seen this. I was told: No, go away. I asked: Why? They replied: You cannot be here. That building was under extreme security and we now know what was there.

[Unidentified announcer] Was that the Cogccodese [General Command of the Defense and Security Commission] building?

[Correa] No, it was where Noriega's office was. We are talking about Building Eight, which is further away. I noticed that the air conditioner was on. Those men were there. We left because we were not even allowed to take a look from outside. We now learn that an official source has told the national press that Buildings Eight and Nine in Amador are housing the Executive Secretariat of the Public Security and National Defense Council of the Presidency, where the espionage is taking place. This is done with very sophisticated equipment given to Noriega by the CIA, that is able to record 300 telephones at once.

Yesterday I learned that Presidency personnel raided a house [casa] that the police, rather the Public Force, uses to receive information from criminals. A criminal who gives information about another cannot go to the police, because he could be killed if seen there. This house is in the reverted area and they met there with criminals who provided information about other criminals and things of this sort. Nothing was found there; there was a table, a (?sofa), and a chair—no equipment. Yesterday morning, by order of the president, it was raided with machine guns and such. In other words, there is a terrible war within the government.

Endara Interviewed on Political Situation

PA2603142691 Panama City Telemetro Television in Spanish 1749 GMT 23 Mar 91

[Interview with President Guillermo Endara by Lucy Molinar, moderator of the weekly "Loud and Clear" program, at the Presidential Palace on 22 March—recorded]

[Text] [Molinar] Mr. President thank you for agreeing to speak loud and clear with us. How do you feel? Is this the administration you wanted to have?

[Endara] I knew it would be a very difficult administration, because it followed a dictatorship and all the harm it did to the country. There was not only the physical and economic damage it entailed, but also the damage done to society's morality and customs and to society in general; the slackening of the norms of behavior, both official and private. I knew that I had a difficult task ahead.

[Molinar] Did you expect to find that the disputes among the political parties of the Alliance [Civic Democratic Opposition Alliance—ADOC] and the charges of influence peddling were going to dominate the country's political scene?

[Endara] I believe that some discussions and accusations have been blown out of proportion. Unfortunately, the discussions and accusations make good headlines, which sell newspapers and increase television and radio audiences.

[Molinar] But, Mr. President, is there any truth to these discussions?

[Endara] Yes, but they have been blown out of proportion. The political groups, the political parties, and the groups that belong to the government are groups of human beings. When we were in the opposition, we also had our differences and our arguments. It is not only now that we are in the government that we have argued over so-called political opportunities. When we were in the opposition, we also had our arguments. We are men and women with our own minds, our own ideas, our own interests. All of that was taking place while we were in the opposition, which is why there were differences in the opposition as well. In the government, there are such differences, but now they make banner headlines.

[Molinar] You have referred to the so-called political opportunities. Your party is asking for political opportunities.

[Endara] No, my party simply feels that it is a party that has been held back in public administration. Political opportunities suggest an excessive yearning for power and positions. However, I believe that when a party or a group of parties offer themselves as an alternative for power, it is not to rule with those who were previously in power. If you look at all the democracies of the world—from the United States to Venezuela to Colombia—you will find that the people participate in the elections, and that the political parties want to participate in the government. They want to participate in the task, not just in power, but also in the duties, the functions, and all the sacrifice that is entailed in governing a country.

[Molinar] All this broke loose as a result of the statements made by your wife....

[Endara, interrupting] No, no, I will not accept that. This has been breaking loose for a long time. Let us refer specifically to the Arnulfista-Christian Democratic differences. I have the best friendship with Ricardo Arias Calderon, the leader of the Christian Democratic Party [PDC]. We are brothers; we are compadres. We have all kinds of relationships. Unfortunately in his party, there are people who do not understand what it means to belong to an alliance. They are my opposition. I have met more opposition from my PDC brothers, associates, and comrades than from the PRD [Democratic Revolutionary Party] or any others in the opposition. They are the ones who are trying to harm me.

Specifically, the latest events [referring to charges calling for Endara's impeachment] took place amid an action that was entirely unnecessary. What they did in the Credentials Commission [of the Legislative Assembly] is something I would call deceitful. The chairman of that commission [words indistinct] to hold a hearing that was entirely unnecessary and illegal. Judiciary procedures should be carried out according to the law; they cannot just be made up.

[Molinar] Now they argue that all lawsuits that are sent to the Legislative Assembly must be considered.

[Endara] Yes, they must be considered. However, they staged a hearing. I invite you to check the bylaws of the Legislative Assembly or the Judiciary Code to find where these are specified. Where did they get that idea of pursuing an action in which I was exhibited before the entire world and the nation as a big idiot. There was no legal basis for that action. In addition, it was completely unjust, because I was not represented. That action should never have taken place. On that Tuesday, over a week ago, all the documents should have been filed away. There was no evidence and the alleged actions are not crimes. Therefore, my case should have died that very same day. Furthermore, those charges were presented in December, but they were not even discussed in December. They should have been filed away in December, yet they were kept alive until now, March.

[Molinar] Let us leave the past behind. Let us talk about the future. What is the status of the Alliance now? Many people—and I am going to insist on this—feel your wife was used to create greater expectations....

[Endara, interrupting] Used by whom? I do not understand. She was used by whom?

[Molinar] Many feel there was no need for her to go to the Assembly.

[Endara] Why not? She loves me. It hurts her to see how I was being mistreated in that commission. I was being mistreated, unnecessarily, by some of my alleged allies. She was truly hurt. I was also hurt, but I was controlling myself. You as a woman know that women are more emotional, especially when they are young and rebellious like she is. She is not a calm youth. She is a youth who was born during the democratic struggle.

[Molinar] Let us talk then about the future. What is going to happen with the Alliance? How are you going to work it out to get the country ahead and not waste time on things that are not productive.

[Endara] I think we must continue with this Alliance because we need it to save this country. However, this Alliance must work based on the principles of good faith and true comradeship. Certain things must be respected. For example, I am the president. I do not want people to be getting down on their knees before me or anything like that. People who are excessively obliging make me very uncomfortable. I want to be respected as a president. I

am constantly treated as a weak man. I am accused of being a weak man because sometimes I tolerate others who treat me as a weak man. I do not consider myself a weak man. I do not care what people think, but I do not want to be treated in that manner. First, people have to respect me as president of the Republic. I am going to make them respect me. I want my allies, the people in the government Alliance, to respect my position as president. I respect their positions. I have given enough proof that I am loyal to commitments and that I am loyal to the duties of an alliance. I have protected this Alliance as if it was my own child, a child that must be protected. However, I cannot do this at the expense of having my position as president sacrificed. I cannot allow my status as president to be sacrificed, and I cannot allow myself to be portrayed as a person who is not worthy of being a president.

[Molinar] Let us think of future work for moving the country ahead. How are we going to do that?

[Endara] I think we must all work at that, at least those of us who are willing to work. I am willing to work with all those who are willing to work. I would like for all to remain in the Alliance and working. I believe that we must work for Panama. We must make tremendous sacrifices, we must set aside our personal, political, and group interests. We must make sacrifices. I have given evidence of sacrifice.

[Molinar] Many people feel that so far the government has done nothing but fight over the political opportunities and very little has been accomplished.

[Endara] That is not true.

[Molinar] Tell me what has been done. Let us talk about that.

[Endara] The trouble is, and I again insist: The government may do something good, such as a great project, but if in a small corner there is a fight between two parties, that which was good is forgotten. The little fight is magnified. The government is doing an enormous job. The government has built up our economy. For example, the banking system is operating normally. We inherited a banking system that had its hands tied and all sorts of accounts frozen. The banking system was not operating as a banking system. A banking system has to be the intermediary between savings and loans. An economic system cannot operate without a banking system. We inherited a banking system that was not really a banking system. It is now operating well. Our economy is flourishing again through private activities, not through the state, but through private activities. We feel that it is through private activities that we truly reactivate the economy.

[Molinar] Could you talk to me a little about the investments that have been made? What is being done?

[Endara] Yes, of course, the government is investing in projects that mainly entail more work. At the same time, we are emphasizing those things that have great social priority.

[Molinar] For example?

[Endara] For example, education. We are allotting the greatest amount of money possible to education, to educational projects, and toward improving the educational system. We had very few teachers and professors for the number of students we have. During the months that we have been in power, we have gradually increased the number of teachers. Now, we are going to approve a special fund to provide more teachers to the educational system. We have repaired schools that were in terrible conditions—they were a mess, as someone recently said.

[Molinar] In the health field, for example?

[Endara] In the health field we are trying harder each day to improve medical attention. When we took office the Social Security Fund had only a $500,000 inventory of medicine. Today that inventory surpasses $8 million. We really do have enough medicine for the people. There may be shortages of some medicines, but it cannot be said....[changes thought] Services have been considerably improved. When we took over, the Social Security Fund had only one or two operating rooms. Today I cannot recall the exact number, but there are 15 or 16 operating rooms now in operation. The entire health system was in ruins, but we have managed to rebuild the health system. During a dangerous phase, we managed to eliminate the aedes egypti mosquito. It is still a problem, but we have eliminated the danger. We have implemented a vast campaign against measles, against all diseases. I believe that public health is one of the greatest accomplishments and it has not received proper recognition from the government. The National Medical Corps has made great sacrifices and deserves the applause of all citizens. However, their work has sometimes gone unnoticed.

[Molinar] Mr. President, one last question. We know that there is respect for the various state branches, the various powers. However, maybe better coordination would make it possible to expedite necessary laws, such as the DRP [Directorate for the Recovery of State Property] Law. Hundreds of millions of dollars are tied up that could be invested in the community. There is also some resentment in the area of justice. Perhaps better coordination among government branches could expedite these actions. Is this possible?

[Endara] Yes, of course coordination is possible, and that coordination exists. The law on reform of the Penal Code was the result of coordinated work between the Supreme Court and the Attorney General's Office. The Supreme Court presented it to the legislative branch, which approved it. Then it was presented to the executive branch for sanctioning and promulgation, which did follow. That is an example of cooperation among government branches.

[Molinar] Mr. President, the jails are still overcrowded.

[Endara] It is a national shame. Each time a human rights group arrives in Panama, the first thing we must say and admit is that we do not provide the inmates with the treatment they deserve. However, we are trying to solve this problem. On Wednesday night the Cabinet Council approved the necessary funds to build a new jail, to buy a lot and start building a new jail for 1,000 inmates where detainees will be treated adequately.

However, we will not stop there. We will attack the real causes of the social problems that we have experienced recently. Also on Wednesday, the State Council approved and on Thursday the government and Justice Ministry presented the constitutional reforms to turn Panama into a civic republic, without an army, just what the Panamanian people have wanted for so many years. That is a fundamental reform, a fundamental action that should never be forgotten and that should receive all the necessary support.

[Molinar] In concluding this interview, I want to join you in inviting all politicians in the country to work for Panama, as there is much to be done. Do you agree?

[Endara] Of course, of course. I do not believe that the task of reconstructing Panama is just for the politicians. It must be carried out by businessmen, workers, peasants, and farmers. They all have a patriotic mission, as important, or perhaps more important than that of politicians. We must all cooperate in the task of reconstructing the country. Everyone emphasizes the work of the president and ministers, but this is everyone's responsibility, absolutely all of us.

[Molinar] Someone once said that many times social problems worsen when the country's leadership does not give the people any hope. What is your message to the Panamanian people who are studying the differences between politicians and wonder where we are heading?

[Endara] I want the people to know that these differences must end. I want them to know that these differences have been blown of proportion. I must tell them that despite everything that has been said in recent days, the relations between Dr. Ricardo Arias Calderon and I continue to be very good. The fact that we have differences once in a while is very natural. Differences do appear between man and wife, how can there be none between two adult politicians, politicians with their own interests and all that? This is completely normal. Husbands and wives sometimes get into fist fights. Ricardo Arias Calderon and I have never had a fist fight. You can be sure of that.

[Molinar, laughing] Thank God, for the sake of the country. Thank you, Mr. President, for this interview.

Deputy Foreign Minister Views Canal Treaties

PA2603164791 Panama City Radio KW Continente in Spanish 1302 GMT 22 Mar 91

[Interview with Deputy Foreign Minister Jose Raul Mulino by "The Word" Program hostess Mayin Correa in Panama City—live]

[Text] [Correa] An EFE dispatch datelined in the United States yesterday stated that a group of U.S. legislators plan to introduce or have introduced a bill to authorize the U.S. Government or President Bush to renegotiate with Panama certain aspects of the canal treaties to establish in Panama... [changes thought] to allow its soldiers to be in charge of canal security beyond the year 2000. The terms of this agreement, this proposal rather, are unknown; all we know about it is the information contained in the EFE dispatch.

In the face of such a development, Foreign Minister Julio Linares yesterday said that Panama will not accept a renegotiation of the Torrijos-Carter treaties even if there were a request to do so backed by a U.S. law. He said that it is a shame that on the eve of the 21st century there are still legislators who want to alter the course of history. The canal treaty, he added, is an agreement between two states; hence, it has greater legal value than any law that the Congress might pass. If any changes are made, the Panamanian Government would only accept changes in the Neutrality Treaty, but only to improve it, Linares said.

Mr. Mulino, I know that the foreign minister made this statement, not you; however, I would like to point out that we, Panamanians, are offended because another government wants to sit down and negotiate with us, like it has done with other countries such as the Philippines and Spain with its Social Democratic president, which are very wealthy [as heard] and independent countries that have populations that are 100 times larger than ours. We Panamanians are offended that the United States—assuming that this bill is passed—is telling us: Look, we want to talk to you about the retention of one or two bases in Panama beyond the year 2000. That is what these senators seem to be suggesting. Is proposing such a request so outrageous for Panama? Is it very harmful to our sovereignty?

[Mulino] No. First of all, good morning, dear listeners. I do not view it as an offense. Two people, a senator and a representative, are trying to present or have already presented this proposal. I know nothing about the current status of this proposal at the U.S. legislature

I do not view this as an offense. I believe they are fully entitled to propose whatever they wish on this or any other matter that, in the opinion of the legislators, promotes U.S. interests.

However, we had to react to this proposal for obvious reasons. The failure to do so would or rather could have been construed as tacit acceptance of proposals of this

nature. I think this proposal runs counter to the position maintained by Panamanians to try to manage and operate the Panama Canal by the year 2000 with competence, efficiency, and responsibility.

The issue of the military bases is an extremely complex one. However, I believe that even if a U.S. law were approved that suggests that the U.S. Government should try to negotiate with the Republic of Panama, we must bear in mind that any negotiation must be bilateral in nature; otherwise, it would be an imposition. The approval of the other country—in this case Panama—would be needed for this kind of action to advance. I do not believe that this will be as easy as these congressmen think.

Following up on this news, yesterday I spoke to our ambassador to Washington, Eduardo Vallarino, and he told me that he is trying to obtain a copy of the proposal for us. Vallarino told me that he has investigated the background of the congressmen involved and he said that—in his opinion and in the opinion of people he spoke with—they belong to a group of congressmen who take a radical stand on the issues regarding the canal and military bases.

Vallarino told me that this is no surprise, because these kind of proposals are brought up every year and are struck down during plenary Congress sessions by a majority of that country's legislators. Therefore, I would not pay much attention to this. However, a reaction from a high-ranking Foreign Ministry official was warranted because the failure to react to this proposal could have been construed as a tacit acceptance of these type of proposals or as the Panamanian Government permitting a U.S. law to modify an international agreement, such as the 1977 canal treaties.

[Correa] Mr. Deputy Foreign Minister, some statements have been made. First, I believe that the Foreign Ministry, when dealing with a delicate subject such as the canal, should prepare itself, obtain the bill—if it is drafted—and then issue a well-consulted and carefully stated proposal. I will tell you why.

This week Panama has been giving the world the impression that we have here a vice president who is trying to overthrow the president; that the first lady, who is making accusations and mobilizing the people, is governing the country; and that there is a party that has betrayed a political pact. Now, two days later, the foreign minister has made a strong statement reacting to an unconfirmed report, because a wish, or a bill, prepared by three legislators is not what the U.S. Government wants. It looks like Panama is refusing to listen to a proposal. No government can reject any proposal before it is made because any decision on a delicate issue such as the canal must be very well debated.

Thousands of Panamanians who still depend on the military bases are interested in this issue. Many Panamanians, the polls say—I have here the results of two polls—believe that we, like Spain and other large countries, can negotiate and see what happens. Perhaps the negotiations may suit us. This is what the Panamanian people think. I guarantee this. The Panamanian people say: Negotiate and let us see what happens. If it suits us, let us go ahead with it; if not, let us forget it. The government cannot close its door just like that with such an incredibly authoritarian attitude, because such an attitude is too severe when the majority of the people are saying, according to the poll results—serious poll results—that they want the government to negotiate to see what happens. Maybe the United States only wants two bases and is willing to pay $1 billion, as it does with other countries. This country cannot afford to reject $1 billion. Maybe the United States will accept situations that suit Panama, based on conditions set by Panama. I do not know. Perhaps it will not be this way, and we have to say no, we do not want to talk.

The Panamanian people are not closing doors and saying: We do not even want to talk, as the president once said and as the foreign minister has now repeated. I do not believe that the Panamanian people are saying that. The Panamanian people are saying: The government should negotiate, like countries that are more independent than we are, that are as sovereign as us, and that have fewer needs than we do—like Spain, for instance—have negotiated. Spain does not have the terrible needs we have. We have to be prudent and say: Well, if the U.S. Government wants to make a proposal, let it come here and make it. We will study it and discuss it. If it suits the country and the people and if the people accept, we will study it and then we will answer. This is my opinion. I am not going to ask you to comment on my opinion. You may have another opinion and not accept mine as I state it. I do not want to put you in any kind of predicament.

[Mulino] I do not think that this is a predicament at all. I do not think that Panama, through statements by the president or the foreign minister, has ever tried to put limits on the power that a senator of a foreign country may have to make proposals. Not at all. This is not opposition to the authority they have to make a proposal. No one is arguing about this or putting this authority in doubt. The opposition is against the intentions implicit in the proposal. I think it is true, Mayin, that this is a very delicate matter that should not be the subject of careless opinions. This is a very sensitive issue. No government can adopt a decision as important as this one. The Panamanian Constitution establishes that any matter related to the canal issue, to the negotiations, reforms, or modifications of the canal treaties must be put to a referendum.

This is an issue on which the people will have the final word whenever the historic and political situation of deciding whether or not there will be negotiations comes up. Perhaps this will not take place under Endara's administration. Maybe it will be the government to be elected in 1994, most probably, in fact, because that is the government that will be responsible for guiding the

country through the last stretch of years in the transition toward the nationalization of the Panama canal. That government will probably have in hand the analyses that are being prepared now. Panama has lost some precious time. We are starting from zero. There has been no serious analysis on what we are going to do with the canal in the year 2000.

We are working on that now. My personal opinion is that before making such an important decision, that of whether to negotiate or not, we must have ways to determine what our abilities, limitations, and possibilities as a poor country are regarding facing such a big challenge in the eyes of the world.

I want to be realistic. I would rather not state my opinion until I have serious and responsible information, which I am sure we will secure after the various commissions meet and start bearing fruit. This will not happen now nor in a couple of months. The analyses being initiated now are very rigorous and very costly. They are being initiated now, after Panama has wasted much time on demagoguery and fruitless positions from 1977 to 1989.

[Correa] Mr. Mulino, is the National Council of Foreign Relations working?

[Mulino] Yes, very well.

[Correa] How often does the Council meet?

[Mulino] The National Council of Foreign Relations advises on foreign relation matters and is led by the president. The Foreign Ministry, by constitutional mandate, directs foreign policy. Meetings are not held on a regular basis; instead, the Council meets when the Foreign Ministry needs to issue an opinion on a special issue. Lately, it has been meeting frequently—practically every two weeks—to advise the president and the Panamanian negotiating team regarding the Mutual Legal Assistance Agreement [MLAA]. The council is working very well and is made up of an outstanding team of Panamanians who give the administration confidence and credibility.

[Correa] Let us talk about this treaty and the stage of the negotiations. The USIS [United States Information Service] presented a brief document reprinting Mr. Thomas Stockel's speech before the Panamanian Association of Business Executives, APEDE, discussing these negotiations. According to this document, the countries that have already signed such agreements are viewed as cooperating in the investigations of their criminal cases, which may contribute to, but certainly not hurt, investors' confidence in a country's banking system. It has been said by those who were against Panama's signing the MLAA that this agreement would halt investments and ruin the banking center and that money would stop flowing into Panama. Agreement detractors painted a bleak picture. However, the Americans say that when other countries have signed similar treaties there have been no signs of investors losing confidence. The Bahamas and other countries are mentioned as examples. At what stage are the negotiations? Has the stumbling block that was holding back the talks been overcome, or are there profound differences as to the way this treaty is to be implemented? Please explain how it is going.

[Mulino] I should first clarify that each country has its own interests. Panama's interests are different from the interests that Italy, Switzerland, the Bahamas, Grand Cayman, or Turkey may have. These are some of the countries that have signed this type of agreement. We cannot expect that all treaties will be the same or that all treaties serve equal needs. Perhaps the common thread that runs through all these treaties is the delivery of effective criminal justice and assistance in the investigation, charging, and suppression of crime in accordance with the needs of the governments that sign these types of international agreements.

True, there has been much speculation in Panama—for better or worse—regarding the treaty, but I feel optimistic about it. I believe that provided we negotiate and sign a good treaty that satisfies and protects Panama's national interests, we have no reason to fear or become alarmed. Investments will not flee, nor will the Panamanian banking or financial center collapse. I believe that this position of defending national interests is what has somewhat delayed the signing of this agreement, but we cannot do it any other way. We cannot quickly sign just any treaty. If we acted that way, it would be very irresponsible on our part.

If my memory does not fail me, Mr. Tom Stockel delivered that speech before the APEDE in the last few months of 1990, in December 1990. Circumstances have changed since then. Today we are able to say that Panama has presented the U.S. Government a counterproposal, a counterproposal that fulfilled to a great extent the desires of the various groups that were consulted. We have been discussing this and have managed to establish certain parameters to continue the negotiation, always defending our interests. I cannot go further than this; obviously I am unable to disclose much more because I have to keep the usual reserve. This negotiation is very delicate, sensitive, and complex because of all the speculations regarding the treaty, and because the treaty is mentioned in the USAID [United States Agency for International Development] grant agreement as one of the requirements Panama must comply with, but not necessarily sign. The USAID agreement does not specify that the treaty must be signed, only that positive headway must be made toward signing a MLAA, besides other conditions the USAID agreement explicitly or implicitly calls for.

I believe, Mayin, that we are moving ahead, perhaps not as fast as the United States would like us to, but we are moving ahead firmly and with steps that, in my opinion, will allow us to enter into an agreement that is beneficial. It is true. I have been able to consult and study together with the other negotiators, to whom I give my sincerest

recognition for their patriotism and professionalism for the benefit of Panama. In consultations we have made to countries that have signed similar agreements, they have not proved detrimental, but good, especially for an island such as the Bahamas, which competes with Panama in certain financial areas.

I recall a trip that Carlos Arosemena Arias and I made to the Bahamas in November 1990. We talked to the bankers and lawyers from the private sector and also to the government officials. They told us that at the beginning they had the same fears we have. They had the same concerns and the same mixed feelings about whether the agreement would benefit them or not. However, ever since they signed the treaty—which had terms favorable to their interests—they have worked with more ease and equanimity. Bankers, lawyers, and the island's entire financial community are no longer afraid that a customer may turn out to be a pain in the neck because he is a drug trafficker, is laundering money, or can cause problems in any way to the bank or to the lawyer who represents him. Reportedly, after signing the treaty, they now feel secure and have trust.

However, I must explain that Panama's interests differ very much from those of places like the Bahamas or Grand Cayman. These are islands that compete with our financial center in certain fields, but the basis of our negotiations is different than theirs. I say this because the banking center has an active presence in Panama. It generates more than 8,000 direct jobs that contribute more than $200 million to the national treasury. I believe it is a bigger contributer than the Panama Canal at present. One finds that many times in these islands the banking sectors do not have the presence that the banking sector has in Panama. Here one can see jobs, buildings, and infrastructure. This is not something to be taken lightly in a negotiation, as it is very important to us.

Without any fear, I can say that it is more important for us to preserve our financial center than it is to receive $420 million in aid that we all know is not enough. Currently, the aid would help us solve big problems in our country, but we will not die if we do not receive it. I believe that we first have to safeguard the sources from which we get our permanent resources. Obviously, the Panamanian national interests are closely linked to these sources.

However, I feel optimistic. I believe that the last negotiations were favorable. The negotiations have been unusual. They have not been traditional negotiations where one formally sits at a table. They have been unusual negotiations, but negotiations nevertheless, where each state has talked, presented proposals and counterproposals, and stated its objections, rejections, and objectives. I believe the negotiations have given good results, and I am optimistic that we will be able to sign a treaty that will benefit Panama and will not hinder our national interests.

[Correa] However, more than $400 million are paralyzed because the agreement has not been signed....

[Mulino, interrupting] Obviously. This is so. You are correct.

[Correa] More than $400 million that have been earmarked for investment programs. Or is it to pay the foreign debt?

[Mulino] No, no.

[Correa] It will be used in the investment programs?

[Mulino] No. The money will be used to balance the budget and for other direct disbursements to the Republic of Panama. We have already received several disbursements, but certain allotments are still pending. These disbursements are not only contingent on the signing of this agreement, but we also have to comply with the conditions established in the USAID agreement. We are gradually complying with these commitments so that we can continue to be eligible to receive this aid.

[Correa] Do you mean to say that we have signed an agreement that says: Panama and the United States agree to do this, that, and the other and the United States will give so many millions for this, that, and the other. The general terms of this agreement....

[Mulino, interrupts] I would not say that those are the terms. In very simple terms, it would be: The United States will give Panama so much money if Panama complies with the following requirements and then the conditions are listed. These conditions must be kept so the country can receive the economic aid it is supposed to receive. In reality, Panama does not make a bigger commitment, it makes a commitment.... [changes thought] Panama does not even make a commitment, it is an agreement to qualify for a donation. An example would be the following: You will give a person $10, but first he must wash your car, mop the house, and clean the dining room and the windows. After he has done all this you will give him the $10. Proportionally, this is more or less what we are talking about.

[Correa] I would have changed the terms to read: The United States will pay for the destruction of so many Panama Defense Force cars, the United States will pay for the destruction of such and such building located in such and such place, for the destruction of I do not know how many things. On top of that....

[Mulino, interrupting] I agree with you, but there are times when someone else holds all the cards and....

[Correa, interrupting] Yes, we are at a disadvantage. Who was going to help us then? Even now, who is going to help us?

You know, I hold a grudge against Japan; it is a country that does not help anyone. They grant some small scholarships here and there, and donate some sample

televisions sets, to the government of course, but they do not have an established aid program. We have a multimillion dollar trade deficit with Japan. We purchase from Japan millions of dollars worth of products and Japan does not buy a dime's worth of salt from us. The trade deficit is unbelievable and the economic aid we receive from them is so meager, coming from a nation with so many resources. We have no choice. The United States is the only nation to whom we can turn. Before, Panama used to say: If you do not help us, we will turn to the USSR and to Cuba. Now the USSR and Cuba are themselves asking for handouts. They cannot even supply the guerrillas with weapons; they are completely broke. We have no place to turn. The other European nations are so committed to the United States that they will not lift a finger in Latin America unless they get the okay from the United States. For us it is a difficult situation, we have no choice but to accept what is offered. Do you foresee an agreement with the United States on a short-term basis?

[Mulino] I think that an agreement will soon be signed. We are very optimistic. When this agreement is signed, and we hope it is signed, we will come here to explain to the entire nation what it is all about. That way, any doubts on the agreement can be cleared up—the good, the bad, and whatever is in between. I believe that we are negotiating patriotically and in good faith, and above all, keeping in mind the defense of our national interests.

Legislator Gonzalez on Future of U.S. Bases

PA2703035891 Panama City Circuito RPC Television in Spanish 1730 GMT 26 Mar 91

[Text] Leo Gonzalez, president of the Canal Affairs Commission of the Legislative Assembly, has said that the government should submit the issue of whether or not the U.S. military bases should remain in the country to a plebiscite.

[Begin recording] [Gonzalez] According to our information, which comes from the latest polls, Panamanians want the North Americans to remain in the military bases. All Panamanians support this initiative. However, Panamanians want them to pay an annuity compatible with the importance of the military bases in Panama.

I think that, through the U.S. Senate proposal, the North Americans are telling us that they are interested in staying in Panama. Now, it is up to us to say okay, we are both interested. Let us sit down at a negotiating table to decide on the monthly payment. Let us work out the details on what the status of the employees will be and other aspects.

[Unidentified reporter] Honorable legislator, are there differences between your position and that of the government? As you know, the government has said that the bases should remain until the year 2000, while you have said that this issue should be decided through a plebiscite.

[Gonzalez] I think we should never say never. We should try to keep our minds open, considering the fact that the world is changing. How can we not want to negotiate the military bases in Panama when someone is willing to pay us a large sum of money for keeping them here. Panama would be acting foolishly if it turned down a good proposition by the U.S. Government or any country in the world that wished to establish a military base here in Panama and pay us a large amount of money. I think the government should accept this proposition. [end recording]

Presidential Adviser On 'Coup D'Etat Syndrome'

PA2703021191 Panama City Circuito RPC Television in Spanish 2300 GMT 25 Mar 91

[Text] Presidential adviser Antonio Dominguez has denied that the Arnulfist Party suffers from a coup d'etat syndrome, as had been alleged by several Christian Democratic Party members.

[Begin recording] [Dominguez] I admit that I suffer from a syndrome but it is not a coup d'etat syndrome; I suffer from a treason syndrome. The Arnulfists have been suffering from this syndrome for many years. I myself, however, have suffered from it since 1968, and we have experienced many acts of treason since that time. I do not deny that I suffer from this syndrome on a permanent basis.

[Unidentified reporter] Over the past weekend the Christian Democrats have been discussing the possibility of leaving the political alliance. They concluded, however, that the public mandate and not the alliance has put them in power. Could you comment on this?

[Dominguez] Yes. I saw several Christian Democrats make veiled threats about leaving the alliance. When I was small I was taught not to make empty threats, and I was also taught that no person in this world is indispensable. If one group leaves, another will replace it.

[Reporter] Up to what point is it healthy to have such controversies in the government?

[Dominguez] Well, in a democracy all these.... [changes thought] I would not say they are controversies. I would say that they reflect uncontrolled ambitions of certain people who still do not comprehend their mission in this government. [end recording]

Poll Says Media Not Blamed for Leaders' Image

PA2703030891 Panama City LA PRENSA in Spanish 26 Mar 91 p2

[Report by Zoila Rodriguez Jovane]

[Text] The media is not responsible for the poor image projected by almost all the ranking officials of the current democratic regime, according to 84.9 percent of the 1,017 persons polled by the Dichter and Neira Company in a survey carried out by LA PRENSA.

Despite the repeated accusations by top officials—who on many occasions have blamed the media for fostering political differences, exaggerating the scope of partisan disputes, and promoting instability in the government—only 14.5 percent of those surveyed shared that view.

The poll was taken in the provincial capitals between 22 February and 3 March, and persons over 18 years of age were questioned. The survey showed that the printed and voice media have not commented on national topics or levied "unjustified" criticism on the current members of the executive, legislative, and judicial branches for the purpose of harming them.

Among the media viewed as "opponents" of the government officials are tabloid EL SIGLO, with 3.1 percent, Radio B.B. with 1.8 percent, and LA PRENSA with 1.2 percent.

President Guillermo Endara—who called journalists individuals of the "worst ilk" after reporters organized a march to the Presidential Palace to demand the end to legal actions harassing journalists—was described as the most "inefficient" official of the ruling alliance, since he received a 1.2-percent approval rating, the same as singer and author Ruben Blades.

Attorney General Rogelio Cruz, who has accused reporters of harboring political motives behind their news reports and threatened to submit to the Legislative Assembly a bill to punish slander with more than preventive custody, beat the president in terms of the level of inefficiency, since he received 6.9-percent approval rating, the lowest figure of any public official. Relations between the government and the media have steadily deteriorated since these officials took office. Some lawsuits filed by officials of the previous regime are still active, and the accused are awaiting to be called by the authorities to hear a ruling on their pending cases.

PALA Member Reports Drug Trafficking in Darien

PA2703005091 Panama City EL DIARIO INDEPENDIENTE Spanish 26 Mar 91 p 23

[Report by Josefa Cedeno]

[Text] PALA [Labor Party] Legislator Anel Ramirez reported that the border areas of Rio Chico, Tupiza, Turqueza, and Paya in the Darien province are being used by drug traffickers to enter the country illegally every day.

Legislator Ramirez complained of the lack of vigilance by the Public Force in those areas. "There is no kind of control."

Ramirez proposes the creation of a team of armed persons to be responsible for keeping illegal aliens from entering the country.

He also denied that any guerrilla groups, such as the M-20, have settled in that province.

Ramirez, who was the guest of honor at a party thrown by other PALA members last weekend, said that it is necessary to reopen the Agricultural Development Ministry's (MIDA) collection and storage ports which ceased operations two years ago.

Judge Orders Liquidation of Banco Interoceanico

PA2703020991 Panama City ACAN in Spanish 1659 GMT 25 Mar 91

[Text] Panama City, 25 Mar (ACAN-EFE)—Today a Panamanian judge ordered the "dissolution and liquidation" of the Banco Interoceanico. U.S. authorities had charged that this bank managed money for the now-deceased Colombian drug trafficker Gonzalo Rodriguez Gacha.

Panamanian President Guillermo Endara was the founder and secretary of the Banco Interoceanico. In October 1990, the bank was investigated by the Banking Commission because reports of its alleged ties with drug traffickers had prompted a wave of cash withdrawals and a lack of liquidity.

Judge Eduardo Rios ordered Banco Interoceanico's dissolution due to its financial situation, not because of the drug trafficking charges. The bank's proprietors and executives have denied these charges.

Endara announced his resignation as secretary and board member of the Banco Interoceanico when the U.S. Drug Enforcement Agency (DEA) reported that people close to Rodriguez Gacha, aka "El Mexicano", had approximately $12 million in deposits in this bank at the beginning of 1990.

The controversy regarding Banco Interoceanico came about when the United States was pressuring Panama to sign a Mutual Legal Assitance Agreement to combat the "laundering" of drug trafficking money.

Vallarino Clarifies Data Request Procedures

PA2703011091 Panama City LA PRENSA in Spanish 26 Mar 91 p 1

[Article by Elkilia Santos]

[Text] Panamanian diplomatic sources have said that Panama has refused to provide the United States with information on the "Spearhead" bank account in the German-Panamanian bank, allegedly linked to arms trafficking, because the U.S. request did not follow Panamanian legal proceedings.

Eduardo Vallarino, Panamanian Ambassador to Washington, sent a letter to this effect to Senator William Roth, member of the U.S. Permanent Investigation Subcommittee [Sub Comite Permanente de Investigacion], that accused Panama of withholding confidential information on the "Spearhead" account.

Vallarino's letter asserted that: "Your inability to obtain confidential information on this account has nothing to do with Panamanian indifference, annoyance, or undue delay but rather with your staff's inability to follow Panama's legal procedures."

The U.S. Senate Permanent Investigation Subcommittee's report had accused Panama of having withholding information on the "Spearhead" account, despite the fact that the subcommittee had previously reported its significance to the Panamanian Government.

Stating that the charges had "dismayed" him because they could have caused "a great deal of damage" to Panama, Vallarino had decided to investigate the event himself in an effort to clarify the situation.

The data gathered by Vallarino showed that the U.S. staff had sent two brief letters—one to President Guillermo Endara's adviser Menalco Solis and the other to Panamanian Attorney General Rogelio Cruz—requesting information about the account. The ambassador said that both letters were addressed incorrectly and that the request had not been filed in accordance with Panamanian laws.

Vallarino's letter to Roth stated that "my staff was warned about this by Solis and Cruz. Furthermore, the Attorney General's office explained how these errors could be corrected, however, your staff did not properly correct these errors."

According to Panamanian law, a Panamanian citizen's personal property and documents, stored in a bank, are completely secure and can only be disturbed by a court order issued by a judge, and only after the court has received sufficient evidence to justify such a decision.

Vallarino's stated that the requests made "by your staff contained merely vague statements about alleged irregularities in this account."

The Panamanian Ambassador noted that the violation of criminal procedures, both in Panama and the United States, can result in criminal charges being brought against the guilty parties.

He reiterated that, if correct procedures are followed, Panama is willing to cooperate with the United States.

Bolivia

Government To Continue Coca Eradication Program

PY2703005591 La Paz EL DIARIO in Spanish 16 Mar 91 p 6

[Text] The government will continue implementing the coca eradication program in all the regions of the country where there is excessive coca production, and this decision is supported by the coca growers. This information was reported by Mauro Bertero, minister of agriculture livestock and campesino affairs, who said that during a meeting of the leading coca growers, representatives of the Catholic Church, and officials of the Undersecretariat of Alternative Development it was decided to continue the voluntary coca eradication program.

Some days ago, Evo Morales, executive secretary of the Chapare Special Federation of Coca Growers, reported that in view of the failure of the alternative development programs being implemented by the government in several regions of Chapare and Yungas de La Paz, the coca growers had decided to suspend the voluntary eradication program.

Morales then expressed concern over the increase in the price of coca over the last few months. He said this increase has never affected the government's intention to eradicate 6,000 hectares of coca this year, but it made the government understand that more people will therefore grow coca in the regions where the coca production is already excessive.

Morales has also announced that officials of the Undersecretariat of Alternative Development will take part in the First Andean Congress of Coca Producers to be held in La Paz from 28 to 31 March.

He said that the participation of the undersecretariat officials in the congress is important because they will inform the other participants about the progress of the alternative development program and how it is benefiting Bolivian coca growers.

Businessman Claims CNPZ, MRTA Death Threats

PY2603154491 La Paz PRESENCIA in Spanish 21 Mar 91 p 6

[Excerpt] Tommy Lonsdale, son of industrialist Jorge Lonsdale, who was kidnapped and then murdered, said yesterday that individuals who claim to be members of the Nestor Paz Zamora Commission [CNPZ] and the Tupac Amaru Revolutionary Movement [MRTA], a Peruvian terrorist organization, have threatened him with death.

He added that other businessmen, who were not identified, have also been threatened with death.

While an autopsy was being performed on his father's body, Lonsdale told the press that he has been threatened with death at least 50 times in the past few months.

The CNPZ and the MRTA publicly threatened him with death three months ago. The police intelligence service has confirmed that the criminals were members of subversive groups and advised Lonsdale to take precautions "because his life was truly in danger." Security personnel are permanently accompanying Lonsdale.

Colonel Renan Lopez, commander of Criminal Investigations, told PRESENCIA that investigations are being carried out to identify the individuals. "They do not realize that this family and society want to live in peace." [passage omitted]

El DIARIO Manager's Home Bombed

PY2603184591 La Paz EL DIARIO in Spanish 16 Mar 91 p 1

[Excerpts] Last night unidentified individuals attacked the home of Jorge Carrasco Jahnsen, manager of the daily EL DIARIO, in Achumani District. The house was damaged and the neighbors were frightened.

The strong explosion damaged the wall behind the house, ruptured the drinking water system, and broke many of the second floor windows.

No one was injured because the house was empty at the time of the attack.

The attack took place at about 2020. The neighbors left their homes right after the attack. They told EL DIARIO that they did not notice any suspicious people or movement prior to the attack, they just heard a strong explosion that rattled their windows. [passage omitted]

The first policemen to reach the home pointed out that the explosion was probably caused by dynamite. It was subsequently confirmed that the attackers used some 250 grams of dynamite. [passage omitted]

Brazil

* Economy Said Showing Signs of Recovery

91SM0229B Sao Paulo O ESTADO DE SAO PAULO (Economic section) in Portuguese 3 Mar 91 p 1

[Article by Gleise de Castro: "Economy Shows Signs of Recovery"; first paragraph is O ESTADO DE SAO PAULO introduction]

[Text] Recovery is still slow, but it has now reached several sectors of industry and trade.

After the general apathy following Collor Plan 2, the economy is starting to show signs of recovery. It is still a minute movement restricted to a few sectors, and neither economists nor businessmen are able to predict its extent or duration. Textiles, food, hygiene and cleaning products, electronics, and packaging are the sectors that have begun showing signs since the second half of February that they are making up for the losses of the past few months.

Consumers are starting to buy again at a rate which is still slow but fast enough to encourage many businessmen in the above-mentioned sectors. Those businessmen are also counting on a possible stabilization in March, when all workers will have received their first paychecks since the start of Collor Plan 2 with an adjustment for the average of the past 12 months.

That adjustment,they calculate,may represent an increase over February if prices really do remain frozen. There is also the smaller yield from the financial market, which will probably discourage savings. The businessmen are predicting that all of that combined will result in a consumer feeling that he has more money in his pocket, skittish of financial investments, and therefore more disposed to buy.

"It is still too soon to talk about a new trend," warns Emilio Alfieri, economic adviser to the Sao Paulo Commercial Association. Despite that, he feels that a number of positive data have started to appear. Credit sales in Sao Paulo, for example, practically stopped declining in February, when they were only 0.5 percent below their February 1990 level. And compared to January of this year, they were up by 9 percent.

Cash sales continue downward, however (20.7 percent less than in February 1990). The disparity between the trends in the two types of sales is due, in Alfieri's opinion, to the fact that nominal interest rates on installment plans have dropped by half (from 30 percent to approximately 15 percent), thus stimulating credit purchases of such durable goods as household electric appliances and electronic goods.

Consumer reaction to the purchase of those products is already being felt at Parana Refrigeration (Refripar), which sells the Climax, Consul, White Westinghouse, Prosdocimo, and Sanyo brands. The growth in sales has led the firm to operate at maximum capacity: a daily production rate of 4,600 products, or 12 percent more than at the start of 1990.

The garment industry is also beginning to show a slight reaction. At showings of their new winter collections, which will be delivered between this month and June, manufacturers are agreeably surprised by a revival in purchases in the form of orders, according to Jaime Pasmanik, chairman of the Sao Paulo Garment Union. Until now, the general trend among retailers has been to postpone purchases and wait to buy what they need from factories producing for immediate delivery.

That industry's suppliers, the cloth wholesalers, are also experiencing a business recovery. According to Jorge Hamuche, chairman of the Sao Paulo State Union of the Wholesale Cloth and Garment Trade, the upward movement in sales began in the second half of February, although at a very slow rate. He estimates that during the entire month, wholesalers sold 80 percent of the volume forecast before Collor Plan 2 was announced.

A slightly more consistent recovery is occurring in the food, hygiene, and cleaning products sectors, and it is noticeable particularly through its effect on the packaging industry. According to Sergio Haberfeld, director-superintendent of Toga Packaging and chairman of the Sao Paulo Paper, Paperboard, and Cork Goods Union, orders for March delivery of the flexible packaging used for those products were up from 5 to 7 percent over orders for delivery in December, January, and February. In the case of other types of packaging, business is still at a standstill. Despite that, Alberto Barbagallo, director of Empax [expansion not given] and the Brazilian Packaging Association, feels that although localized, those signs of recovery are encouraging to businessmen.

In the food sector, sales are exceeding forecasts made before the plan. "It is still impossible to say how much they have risen and how far this trend will go, but it is a concrete fact," says Alvaro Furtado, secretary general of the Sao Paulo State Union of the Retail Foodstuffs Trade. More cautious, Sergio Mendes, executive director of the Sao Paulo Association of Supermarkets (Apas), confirms the recovery in consumer purchases but says it will be a few more months before one can say whether or not that reaction reflects a real market trend.

* Economists Pessimistic Regarding Collor Plan 2

91SM0229A Sao Paulo O ESTADO DE SAO PAULO (Economic section) in Portuguese 3 Mar 91 p 17

[Article by Aldo Renato Soares, Vanessa de Godoy, and Luiz Guilhermino: "Economists Criticize Collor Plan 2"]

[Text] Brasilia—Collor Plan 2 has little chance of succeeding. Inflation will remain under control in the short term, but will then come back more strongly. That is the opinion of economists who have seats in the National Congress: Deputies Roberto Campos (PDS [Social Democratic Party], Rio de Janeiro), Francisco Dornelles (PFL [Liberal Front Party], Rio de Janeiro), Delfim Netto (PDS, Sao Paulo), and Aloizio Mercadante (PT [Workers Party], Sao Paulo) and Senator Eduardo Suplicy (PT, Sao Paulo). The only favorable voice is that of Cesar Maia (PDT [Democratic Workers Party], Rio de Janeiro). Campos feels that the plan is extremely interventionist. Dornelles sees a split in the economic team "between the heart and reason." Also pessimistic are Aloizio Mercadante and Eduardo Suplicy, who criticize the price freeze and the financial reform. Delfim Netto considers MP [Provisional Measure] 275 [as published] to be a case of "technocratic delirium." And he says the two Collor plans move in opposite directions. But he praises the Industrial Competitiveness Program, calling it "fantastic." Cesar Maia defends the plan, which "has made room for national understanding." Opinions outside Congress are not very different. Paulo Guedes, an economist at the Brazilian Capital Market Institute (Ibmec) and director of the Pactual Bank, says that reform of the financial system "is going to benefit the big banks." The criticism has even wound up causing

a "war" between former Minister of Finance and Planning Mario Henrique Simonsen and Luiz Gonzaga Belluzzo, Sao Paulo's secretary of science and technology, who is called "my guru" by Minister of Economy Zelia Cardoso de Mello. In Simonsen's opinion, the economic team is insisting on failed solutions. Belluzzo reacts by saying that Simonsen is defending a thesis that is out of date and mistaken in its logic.

Campos Foresees Rapid Return of Inflation

Brasilia—Deputy Roberto Campos (PDS, Rio de Janeiro), who was minister of planning in the Castello Branco administration, says he is pessimistic about the future of Collor Plan 2 and predicts that it will fail sooner than the previous ones did. "This is the fifth plan, and it will meet the same fate as the others." In Campos's opinion, inflation will probably decline in March and April, "but then it will return with greater intensity and in a more disorganized economy."

The intransigently liberal congressman's greatest criticism is that Collor Plan 2 "is a serious relapse into interventionism." In his opinion, one of the economic team's biggest mistakes was to again freeze and control prices and deindex by decree. "Doing away with indexation by decree means imagining that society's expectations will disappear overnight." Campos has no doubt that the financial market will replace the former index bases with others.

His expectation is that freezing and controlling prices will make unemployment worse because businesses will delay their investments. Those investments—by both domestic and foreign firms—will also shrink because of lack of confidence in the economic indicators.

Dornelles Says the Team Has Split

Deputy Francisco Dornelles (PFL, Rio de Janeiro), former secretary of the Federal Revenue Office and former minister of finance in the Sarney administration, says that the publication of Collor Plan 2 has clearly shown the split in the economic team between the heart and reason. "Reason was represented by the liberal talk—about opening up the market—that has been trampled on repeatedly during the period since Collor Plan 1," he explains. "The heart is in favor of government control and intervention."

Dornelles says that Collor Plan 2 involves interventionism on a scale rarely seen in this country's economic history. He attributes that interventionism "to the academic training of the economic team." His quick assessment of the plan is that creditors have lost, thanks to application of the "tablita" [translation unknown] while debtors have gained. "When all is said and done, everyone loses because the 'tablita' makes everyone insecure," he emphasizes, pointing to the real estate rental market as one example of that insecurity. "No one is renting real estate anymore because of that feeling of insecurity."

In Dornelles' opinion, the future of Collor Plan 2 is extremely uncertain. He predicts that the public accounts will get out of control because of the deficit which he feels will exist in the social welfare fund when the system for correcting the minimum wage takes effect.

Mercadante Says There Was Improvisation

Deputy Aloizio Mercadante (PT, Sao Paulo), who participated actively in negotiations with the administration, takes a pessimistic view of Collor Plan 2, predicting that "a Collor Plan 3 will come along" soon. He regards as "improvised" the financial reform decreed by Collor Plan 2, which did away with overnight money and other short-term financial investments and replaced them with the Financial Investment Fund (Fundao). In his view, the reform "worsens the crisis of confidence in the financial market." His party colleague in the Senate, Eduardo Suplicy (Sao Paulo), feels that the plan will make the recession worse because the firms will reduce their investments.

The two men, both economists, criticize the way in which the price freeze was carried out. While Mercadante describes the freeze as "inconsistent," saying that it will disorganize the production process, Suplicy deplores the total lack of structure for overseeing the freeze.

In the opinion of the PT deputy, it is the state which has gained from Collor Plan 2 because of the big rate increases that have put more money into the coffers of state enterprises. In Mercadante's estimation, the main loser at the other end is the wage earner, who, he asserts, has suffered losses because of the new shock.

Delfim Netto Considers Plan Contradictory

Deputy Delfim Netto (PDS, Sao Paulo), former minister of finance, planning, and agriculture, was surprised at the measures contained in Collor Plan 2, feeling that they are a complete negation of those in Collor Plan 1. In Delfim's opinion, Provisional Measure 295, which froze prices and wages—and which Congress has already turned into a conversion bill that was passed early Friday morning—is a case of "technocratic delirium."

"When it drew up and published MP 295, the administration's economic team was imagining that the state could control the market. That behavior is typical of someone who is delirious," says the deputy. He adds: "The Collor administration's two plans move in opposite directions."

But Delfim praises the Industrial Competitiveness Program (PCI), which, among other things, reduces costs and expenses so that firms can obtain raw materials from abroad. "The PCI is fantastic," says Delfim. However, he questions the practical effects of the measure. "Who is going to invest without knowing how to calculate the rate of return?"

The deputy does not see any future for the new economic plan. "Inflation is going to rise, and a new index base will be created," he predicts.

Cesar Maia Praises Deindexing

Determined once again to meet his party's decisions halfway, Deputy Cesar Maia (PDT, Rio de Janeiro) is the only well-known economist in the National Congress to ardently defend Collor Plan 2.

A few minutes after the plan was announced and explained by the economic team, Maia left Minister Zelia Cardoso de Mello's office in a state of euphoria and provided the first information about the new measures.

He praised the deindexing of the economy, "the courage" of the economic team, and even the freeze on prices and wages. However, he expressed one reservation concerning that last measure, namely, that the economic team had unfortunately not succeeded in "orienting" businessmen toward the so-called price truce.

According to the member of Congress, Collor Plan 2 has made room for national understanding. Maia points to "all those who were living below the indexed currency" as being the losers from Collor Plan 2. He points to the government itself and all of society as being among the winners.

As was true with Collor Plan 1, the PDT deputy feels that the success of these measures will depend on how the plan is administered by the economic team.

Belluzzo Challenges Simonsen's Analysis

Respected by the economic team and called a guru by Minister of Economy Zelia Cardoso de Mello, economist Luiz Gonzaga Belluzzo, Sao Paulo's secretary of science and technology, is in open warfare with Professor Mario Henrique Simonsen, who is also an economist and was minister of finance and planning from 1974 to 1979. In a recent article, Simonsen expressed serious criticism of Collor Plan 2 and the economic team. Disagreeing, Belluzzo responded with another article in which he sharply criticized Simonsen's opinions. Declaring himself irritated with "the elitist position of those who are always dictating rules," Belluzzo also says that "the logic behind Prof. Simonsen's reasoning is wrong."

An adviser to former Minister of Finance Dilson Funaro, Belluzzo has been in frequent contact with Minister Zelia even though he belongs to the PMDB [Brazilian Democratic Movement Party], a party opposing the administration. For example, the participants in a seminar that was to have been closed by Belluzzo on Thursday had to wait for the secretary. The delay was caused by a telephone call from the minister. "We have been friends since childhood," Belluzzo recalls, although he points out that he does not like to make suggestions. In his opinion, "it is one thing to be in the administration, and it is a very different thing to be outside it." The crisis is not a trivial one, he argues, and there is no such thing as a miraculous or technically perfect plan.

Bacon's Principle

In his article and in an interview with O ESTADO DE SAO PAULO last week, Simonsen fired shots at Collor Plan 2. His weapon was the theory of the principle of induction as developed by the English philosopher Francis Bacon. That philosopher's thesis, which dates from the 16th century, says that if an experiment leads to the same result in a large number of repetitions, it is highly probable that it will continue to give the same result the next time it is repeated. What that means in today's Brazil is that the economic team has persisted with failed solutions—that is, with shocks that have not toppled inflation. Belluzzo responds that not only is Bacon's thesis outdated, but also the logic is wrong as well. "Inflation accelerates first, and the shocks are the consequence, not the other way around, as Prof. Simonsen asserts."

In Belluzzo's estimation, Simonsen also erred by saying that the famous economist Keynes, in his *Treatise on Probabilities*, "rationalized the principle of induction mathematically." Belluzzo retorts that in fact, Keynes referred to attempts to express the principles of probability mathematically as "logical gew-gaws." "Perhaps Prof. Simonsen has not read the *Treatise on Probabilities* all the way through," Belluzzo says ironically.

What divides the two economists more than their opposing academic positions is their evaluation of Collor Plan 2. Unlike Simonsen, Belluzzo does not confine himself to condemning the government-imposed freeze. "The freeze is not an instrument of economic policy, but a last-ditch gesture when the advance of inflation cannot be contained," he says. According to his analysis, the inflation of the past 10 years has been the result of a systematic process of destroying confidence in the currency.

That distrust has reached an extreme level in the past few months, largely because of foreign-exchange weakness and the public-sector debt. "The administration believed that recovery of the reserves and the tax surplus would be sufficient to reverse negative expectations," says Belluzzo. But those expectations were much more "destabilized" than had been imagined. In turn, the insistence on prolonging the recession added more points to the score against the administration: "When there is no light at the end of the tunnel and demand drops, the firms rapidly begin to adopt an asset-oriented and defensive attitude by cutting production."

The solution proposed by Belluzzo calls for developing ample political space for negotiation. It is not enough to encourage businessmen and workers to participate: it is essential to convene society's political representatives in Congress. "Collor Plan 2 will have a greater chance of success to the extent that the administration is able to carry that process forward," Belluzzo emphasizes. It is

also essential to bring specific proposals to the negotiating table. "If the country wants to jump to the level of the First World, it is not enough to import modern machines; it is also necessary to modernize labor relations and the relations of production." What that means, for example, is accepting greater participation by workers in the management of firms.

Direct Participation

Businessmen must also participate more fully, and an opportunity to do so, in Belluzzo's opinion, is the Industrial Competitiveness Program announced on Wednesday. He points out that direct participation will reduce the level of fear, distrust, and near hysteria that has formed in society. Belluzzo believes that once confidence has been restored, the administration will have to proceed very cautiously in lifting the freeze and show sufficient flexibility not to stifle tensions between costs and prices for too long. The most suitable way would be to reactivate the sectoral chambers, which would make it possible to discuss prices in various sectors.

In Belluzzo's opinion, the recession will give ground within the next few months, and the level of economic activity will not drop again. "To be successful, however, the plan will require participation," he says, pointing out that "in a society like ours, it is impossible to implement an economic policy that does not have the support of society's most important sectors."

Guedes: Big Banks Will Have Advantages

Rio de Janeiro—One of the points in the new economic plan receiving the most emphasis from the administration's economic team—reform of the financial system—is going to benefit the big banks, which are seen as the big winners from the financial ring-around-the-rosy brought on by the elimination of overnight money. That is the diagnosis made by Paulo Guedes, an economist at the Brazilian Capital Market Institute (Ibmec) and director of the Pactual Bank. He argues that while those institutions may have lost from the elimination of differentiated yields for investors based on size, they will earn more than smaller institutions because of the volume of investments they will receive, the administration fee charged by Fundao, and the increase in non-interest-bearing demand deposits.

If the economic plan is successful, says Paulo Guedes, they will earn even more because without inflation, the volume of demand funds in the banks will increase without their having to pay for that money. Guedes says that small banks, brokers, and dealers will have few alternatives left. They will have to specialize in specific segments, operate through small specialized funds, merge with other institutions, or simply close their doors. Another economist at Ibmec, Jose Luis Mascolo, feels that the reform of the financial system amounted to a genuine "nationalization of the market." He believes that banks are bound to lose profitability this year and that that will force the smaller institutions to specialize in managing portfolios of stock, gold, and so on.

Paulo Guedes deplores the fact that the reform of the financial system has eliminated the incipient competition that was beginning to exist in this sector, which has always been overregulated. In his opinion, any change that does not arise from the market spontaneously is a step backward. In support of his point of view, Guedes explains that it would be naive to say that profitability is now going to be the same for small and large investors. In his opinion, the banks will charge small investors the full administrative fee but will certainly refund half of it in the case of large investors.

Commission To Study Coffee Export Accounts

PY2603150491 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 26 Mar 91

[Text] The National Economy Secretariat has decided to create a commission to investigate possible irregularities in the bookkeeping for coffee exports.

Foreign Trade Department Director Jose Denod Mederiros [name as received] will give Economy Minister Zelia Cardoso de Mello a complete report on coffee export operations during the 15-day period prior to the announcement that the government was studying the country's return to the existing international agreement on coffee quotas.

* Funds Allocated for High-Tech Projects

91SM0214C Rio de Janeiro O GLOBO in Portuguese 3 Feb 91 p 39

[Text] Brasilia—High-tech firms (informatics, fine chemicals, biotechnology, precision engineering, and new materials) will have priority in the Program for the Promotion of Industrial Competitiveness [PCI], according to a decree issued by the government yesterday. The plan will utilize funds collected by issuing economic development bonds (TDEs), which will be traded by banking institutions authorized to do so by the Central Bank.

Besides the high-tech sectors, priority in the plan will go to projects for industrial modernization and for export financing of capital goods. The financing will carry an interest rate of 12 percent per year plus the variation in the reference rate, although those charges may be reduced by a decision of the Ministry of Economy.

Through the PCI, the government hopes to provide the firms with low-cost funds sufficient for expanding and modernizing Brazil's industrial plant so as to achieve higher quality and lower prices for Brazilian products. For that to happen, however, the TDEs will have to be attractive to investors, and the government believes they will be.

To benefit from the plan, firms must have projects already approved by the Bank of Northeast Brazil in the

case of projects intended for the northeast or by the National Economic and Social Development Bank.

* Goldemberg Deems Inpe Project With Iraq Legal

91SM0214B Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 Feb 91 p A8

[Text] Jose Goldemberg, secretary of science and technology in the office of the presidency, said yesterday that "it was perfectly legal" for experts at the National Institute of Space Research (Inpe) to participate in the project to build an observation satellite for Iraq and to provide consulting services for setting up a military laboratory for simulating the control and guidance of missiles and satellites. The above information was provided by the secretary's press adviser, Luis Maria Figueiredo, 54.

The consulting services for the laboratory were provided by ESCA (Control and Automation Engineering and Services) of Sao Paulo. The satellite project was ordered by Engexco [expansion not given], which is the Engesa [Specialized Engineers, Inc.] group's trading company. The Inpe's participation in ESCA's work was reported by FOLHA DE SAO PAULO the day before yesterday.

Thanks to ESCA's work, experts at the Iraqi Ministry of Military Industry had access to information about missile guidance systems. That technology made it possible to improve the accuracy of Iraq's Scud-B missiles, whose original range of 270 kilometers was increased to about 600 kilometers. Modification enabled the missiles to reach Tel Aviv in Israel and Riyadh in Saudi Arabia.

The Iraqi Government also had the cooperation of experts from the United States, Great Britain, the USSR, France, China, and Germany. According to Goldemberg, the Inpe's experts remained in Iraq until June 1989, or one month after the Brazilian Ministry of Foreign Affairs vetoed participation by Brazilian Government organizations in the transfer of advanced technologies to the Iraqis. ESCA halted its work in Iraq in June of last year. The firm has not released the names of the experts who remained in Baghdad after the embargo.

* Pinheiro Says Government Isolated, Unorganized

91SM0214A Sao Paulo FOLHA DE SAO PAULO in Portuguese 10 Feb 91 p A10

[Report on interview with Deputy Ibsen Pinheiro, newly elected speaker of the Chamber of Deputies, by Josias de Souza in Brasilia on 7 February: "For Ibsen, Government Is Isolated and Unorganized"]

[Text] Brasilia—The new speaker of the Chamber of Deputies, Ibsen Pinheiro (PMDB [Brazilian Democratic Movement Party], Rio Grande do Sul), 55, feels that the government "is more or less drifting" and giving society "an impression of isolation and despotism." In an interview with FOLHA DE SAO PAULO, Ibsen sharply criticized the Collor administration. "The administration is withdrawing into its own truths and can only express itself through the president's T-shirt or the provisional measure." In the deputy's opinion, Collor does not possess a "political structure," and his cabinet "reveals a tremendous lack of organization."

In its relations with Congress, according to Ibsen, the administration prefers "co-optation" to "dialogue." "The current administration leans toward co-optation. And physiologism is a byproduct of co-optation," the deputy says. Collor Plan II is encountering "resistance" in the opposition and in the government bloc itself. That combination is "capable of producing changes or defeating the plan in Congress," Ibsen predicts.

In the interview he granted in his apartment in Brasilia last Thursday morning, Ibsen talked about his plans to "modernize" the Chamber of Deputies, the image of the legislative branch, and the PMDB. He said that Sao Paulo Governor Orestes Quercia was "the pole position in the presidential race." Below are the most important extracts from the interview.

Efficiency of Congress

"Public opinion does not have a clear and correct view of the nature of legislative work. What it demands of the legislative branch is the kind of speed that is typical of the executive branch or of private enterprise. Generally speaking, it is not understood that the chief characteristic of the legislative branch is not the kind of efficiency that is expected from a government office. Its efficiency consists of expressing the conflicts in society. And very often, conflicts jam things up instead of accelerating them. A recent example is the wage issue. Never has a congress in our country voted on the same subject so many times. And despite that, it could not reach a decision. In this case, the lack of a decision was due not to laziness or an unwillingness to vote, but to conflict. In such cases, there is no way out except friction and putting up with each other until repeated discussion of the subject points in a particular direction."

Defects of Congress

"Any administrator in the Chamber of Deputies has two problems related to personnel: the lack of it and the excess of it. There are too many employees in some sectors and not enough in others. There are also too many employees with certain characteristics and too few with certain other characteristics. What is needed is an effort at rationalization to make better use of personnel. There are also distortions whose result is that the party leaders wind up bypassing the plenary Congress. And that is not the purpose of leadership. What the leaders should do on behalf of those they lead is coordinate legislative work and conduct political talks in such a way that the full chamber can make a decision."

Defects of Others

"Can it be that the judicial branch does not have shortcomings equal to or worse than those of Congress? Can it be that other permanent institutions do not have equal, similar, or corresponding shortcomings—even including, for example, the armed forces? Can it be that those institutions do not receive reverent treatment and that very frequently, all the private institutions refer to them with a reverential fear that spares them the need to be transparent, while every nook and cranny of the legislative branch is pried into? This gives society the impression that the other components of the state apparatus are clean, aware, organized, and efficient and that Congress is the repository of all of our society's defects. You see media that are absolutely levelheaded when it comes to the executive branch, no matter who is in power, but that are absolutely unrestrained when it comes to criticizing the legislative branch." (He refused to give any examples.)

Implementing Regulations

"I see a few examples of faulty reasoning that have been accepted by society and are assumeú to be true. The first of them is the idea that the Constitution is not in effect because the implementing regulations are lacking. That strikes me as being a false view. The main objective of a constitution is to define the shape of the democratic state so that the social forces and individuals within that democratic state can live, coexist, struggle, and build their lives. And those objectives are assured. We have passed 50 laws over the past two years. Implementation of the Constitution is a living duty, not a household chore that the delegates to the Constituent Assembly have delegated to ordinary legislators."

Image of Politicians

"The other day on television, I watched an interview with Municipal Councilor Sergio Cabral (Rio de Janeiro), and he said that upon entering a restaurant in Rio de Janeiro, he had had this aggressive question thrown at him: 'How can you be a councilman when there are still so many crooks in that place?' He had answered: 'Yes, there are crooks. There are also scoundrels, lazy people, and bums. But there are many hardworking intelligent men, just as there are jackasses and scum of the earth. You can rest easy. All of you are represented there.' That was a very good answer, and it strikes me as true."

PMDB

"The PMDB is not a part of the government today, as it was in the Sarney administration. It is in the opposition. Neither is it a part of negativism or the radical opposition. The most effective opposition so far has come from the PMDB. I say 'effective' because it has been organized and because, being the majority in Congress, the PMDB has been able, when it could not reject bills it did not agree with, to keep those bills from being passed. It seems to me that its activity in Congress has given the PMDB credibility as the chief organizer of opposition and also as a stabilizing element in the democratic regime."

Relations With the Administration

"I would say that coexistence does not need to be cordial. It must be correct. The president is not obligated to love the National Congress. He does owe it constitutional respect, and the reverse is also true."

Too Many Provisional Measures

"What concerns us is that the administration has an instrument at its disposal which, because of repeated use, is turning out to be extremely aggressive in blocking congressional activity. The use of provisional measures is being abused. There have been nearly 300 in the past two years. If we calculate an average just for the current administration, as someone in Congress has in fact done, and if we exclude weekends, periods of recess, and nights—I assume that the president does not sign such measures before dawn—we find that Collor signs one provisional measure in the morning and another in the afternoon. If it were to work at the same pace, Congress would have to examine and pass two provisional measures per day. And that is what it has wound up doing. This is inadmissible."

Collor's Style

"The administration is withdrawing into its own truths and can only express itself through the president's T-shirt or the provisional measure. Those are imperial acts based on personal decisions. The president alone decides which T-shirt he is going to wear—which message he wants to convey. He alone also decides which provisional measure he is going to sign; that gives society and Congress an impression of isolation and also of despotism. Today we already have alliances of employees and employers against the government. This is a sign that the government is stepping on the corns of both without knowing how to coordinate the dominant national political will. That is not good for the government or for the institutions. One is left with the impression that the government is stepping on corns only because doing so constitutes good political marketing. No government can maintain itself without a set of ideas aimed at an objective. No government can maintain itself just by stepping on corns. I feel that the government is more or less drifting. It has a good slogan for every one of the nation's concerns. But it does not have a tactic for putting those slogans into effect. It is as though its slogans were on one side and the troops were on the other, with a minefield in between."

Collor's Cabinet

"Its brightest area is the Ministry of Economy and the latter's related agencies, the secretariats, and the Central Bank. I see some qualities in that young team. The first of those qualities is honesty, and the second is good

intentions. And I don't know whether to include naiveness among the virtues or the defects. That naiveness is what leads to the despotism. The other part of the administration is left looking for influence in specific areas. The result is that it is impossible to analyze the cabinet as a whole, because it is divided."

Lack of Organization

"In Congress, we have seen some bills being dealt with which one wing of the administration wanted passed and the other wing wanted defeated. An example is the agricultural law. It was supported by the Ministry of Agriculture but opposed by the Ministry of Economy. Each ministry was active on its own front. The same was true of the highway tax. The Ministry of Infrastructure was in favor of it, but the Ministry of Economy opposed it. That reveals a tremendous lack of organization."

Collor Plan II

"The plan is encountering understandable resistance on the part of the opposition and some resistance even within the group that supports the administration. This produces a potential combination capable of producing changes or defeating the plan in Congress. I don't know whether that potential will be realized, but it is considerable. The administration would be taking risks even if all its political supporters favored the plan."

'Physiologism'

"There are two ways in which the administration relates to Congress. The first is through dialogue involving the sectors outside the administration's base of support. Dialogue must be conducted in the light of the topics that have been presented for debate. The other way of relating to Congress is that that leads to 'physiologism' or co-optation, by means of which the culture medium of give-and-take is produced. No one is co-opted without demanding something in return. The current administration leans toward co-optation. And physiologism is a byproduct of co-optation."

Fernando Collor

"I served with Fernando Collor in the legislature from 1983 to 1987. I have always considered him to be a person with a good mind, intelligence, and the qualities of firmness and determination. In saying that, I am giving him his due, and no more than that. But the president has followed a path that it may not have been his intention to follow. Everyone knows that he wanted to be Mario Covas' running mate. He was hindered from constructing that defeat for himself [sentence as published]. Now he is following a path that he certainly had not imagined. And that has placed him in the presidency as a young man with a limited political history. He is completing his education in the presidency itself. I see him as lacking a political structure."

Zelia

"She is an honest, competent, well-intentioned, and politically naive person. The economic team defines politics as being a necessary evil at best, and that indicates a lack of understanding. Politics is neither a necessary evil nor a necessary good; it is the only mechanism for overcoming conflicts."

Orestes Quercia

"In Governor Quercia we doubtless have a national reference point of exceptional importance. His reelection in Sao Paulo has infected his party with a feeling of confidence. Generally speaking, the party shares that assessment. Quercia has revealed considerable political capability. There are also others of nationwide importance, examples being Alvaro Dias and Pedro Simon. But because of Sao Paulo's importance and the extent of his victory, I would say that Governor Quercia is currently the pole position in the race for the presidency."

Ulysses Guimaraes

"The deputy plays a tutelary role in the PMDB regardless of the post he may be occupying. He is a basic reference point for the unity of the party."

Quercia Heads New PMDB Executive Board

PY2703002991 Sao Paulo FOLHA DE SAO PAULO in Portuguese 25 Mar 91 p 5

[Text] This is the list of the new members of the PMDB [Brazilian Democratic Movement Party] National Executive Board:

President: Orestes Quercia, former governor (Sao Paulo)
First vice president: Jarbas Vasconcelos, former mayor (Pernambuco)
Second vice president: Jose Fogaca, senator (Rio Grande do Sul)
Third vice president: Luiz Henrique, deputy (Santa Catarina)
Secretary general: Mello Freire, former deputy (Minas Gerais)
First secretary: Lazaro Barbosa, deputy (Goias)
Second secretary: Nicias Ribeiro, deputy (Para)
First treasurer: Paes de Andrade, former deputy (Ceara)
Second treasurer: Jabor Junior, senator (Acre)
Members: Rita Camata, deputy (Espirito Santo)
Alberto Goldman, deputy (Sao Paulo)
Nilo Coelho, former governor (Bahia)
Geraldo Melo, former governor (Rio Grande do Sul)
Ibsen Pinheiro, president of the Chamber of Deputies (Rio Grande do Sul)
Mauro Benevides, president of the Senate (Ceara)
Alternate members: Valter Pereira (Mato Grosso do Sul)
Ubiratan Aguiar (Ceara)
Jose Dutra (Amazonas)
Cid Carvalho (Maranhao)

Chile

Former Dina Agents Allegedly in High-Level Posts

General Contreras Makes Claims

PY2603182791 Santiago Radio Nacional de Chile Network in Spanish 1100 GMT 26 Mar 91

[Excerpts] General Manuel Contreras, retired, former Dina [National Intelligence Directorate] director, said last night that some former Dina agents are holding high-level posts in President Patricio Aylwin's administration. [passage omitted]

Contreras said this during a televised interview. He pointed out that there are no missing detainees in Chile. He said that Dina had nothing to do with the Pisagua cemetery case, adding that there are no clandestine cemeteries in Chile. He said that during wartime, bodies are buried in isolated graves or in makeshift graveyards, adding that the Pisagua cemetery was a makeshift graveyard located beside the town's cemetery.

Contreras said that he regretted nothing and swore that nobody was tortured during the military regime.

Political Reaction Noted

PY2703031891

[Editorial Report] Santiago Radio Chilena Network in Spanish at 1700 GMT on 26 March carries, during its regular newscast, some 10 minutes of reactions, including recorded remarks, to the statements made by retired General Manuel Contreras Sepulveda, chief of the now defunct National Intelligence Directorate, Dina. In a television interview on the evening of 25 March, Contreras commented on the Rettig Report and human rights violations. According to Radio Chilena, he "justified the actions carried out by Dina during the first years of the military regime, and he claimed he was innocent of the accusations against him."

In a two-minute report Minister General of Government Enrique Correa denied Contreras' assertion that "Dina officials of the previous regime are now high-ranking government officials."

In another two-and-a-half minute report, Socialist Party President Jorge Arrate says: "Contreras did not deny the most serious facts. Therefore, General Contreras simply gave his personal interpretation of the events of those days, but he did not deny the facts. I wish he had made those statements before the Rettig commission." Arrate adds that if Contreras "is as brave as he says," he would have made his statements "in a U.S. court."

In a two-and-a-hafl minute report Senator Ricardo Navarrete, vice president of the Radical Party, says he "listened to Gen. Contreras' statements with horror. His statements do not contribute at all to the peace and reconciliation of the Chilean people." Navarrete requests that the Army "clearly establish its stand on Gen. Contreras' statements" so as to frankly "effect a reconciliation with the national community." In the same report Gutemberg Martinez, acting president of the Christian Democratic Party, condemns the retired general's statements. He says: "Not only are they an incredible and unacceptable provocation, but they are also inappropriate to current times in Chile." Martinez adds that "Contreras should be just as sure in making his statements before a court as he was before a television camera." As for the possible repercussions of Contreras' statements within the Armed Forces, Martinez says that some Armed Forces "members would like the make the democratic stability to feel threatened."

Meanwhile, in another two-and-a-half minute report, rightist party leaders categorically reject Gen. Contreras' statements. Andres Allamand, president of the National Renewal Party, says that the Contreras principle that human rights violations may be justified by an internal war "leads to two unacceptable aberrations: first, that the end justifies the means; second, that to deal with terrorists one must use their same criminal methods. From my point of view, both cases are ethically, morally, politically, and legally wrong." Allamand adds that Contreras discussed the facts superficially, therefore, his statements must not be believed. Allemand calls for the Armed Forces and Carabineros to make known their opinion on the Rettig Report, and he adds that Contreras should also "give evidence that former Dina agents are current government officials." In the same report Joaquin Lavin, secretary general of the Independent Democratic Union, UDI, asserts that Contreras "neither deserves nor inspires credibility among the public."

In another half-minute report, Mireya Baltra, member of the Central Committee of the Communist Party of Chile, says that Gen. Contreras' statements are "an unacceptable immorality." She declares that "the statements made in the past few days by high-ranking Army officers are part of a orchestrated strategy which constitutes a provocation to the people."

In turn, the Communist Renewal Assembly, ARCO, condemned the statements made by Gen. Contreras. "We have learned with horror of his statements in which he intends to deny the existence of missing detained, tortured, and murdered people as described in the Rettig Report," ARCO President Fanny Pollarolo states. "The shamelessness, coldness, and harshness demonstrated by the former Dina chief clearly reveals the fanatic and immoral characteristics of his personality," she continues, asserting that "the ARCO clearly understands that Dina and the CNI [National Intelligence Center] continue to exist and that their men continue to be present in the government and in the Armed Forces. Gen. Contreras is trying to blackmail the Army, the Armed Forces, and the Rettig Commission members." Pollarolo adds that Contreras' "criminal gestures demonstrate that all those who violated human rights must face justice."

Under Secretary Completes Central American Tour

PY2703033891 Santiago Radio Cooperativa Network in Spanish 2300 GMT 26 Mar 91

[Text] Foreign Ministry Under Secretary Edmundo Vargas has returned to the country from a tour for political consultations through several Central American countries such as Costa Rica, Nicaragua, El Salvador, Honduras, and Guatemala. The objective is to revive and raise the level of Chilean relations with Central American countries. This is one objective of the Foreign Ministry's policy.

The under secretary has thus implemented this policy by beginning talks with the primary government representatives of the countries he visited. Vargas also had working meetings with the presidents of almost all countries he visited; namely, the presidents of Costa Rica, Nicaragua, El Salvador, Honduras, and Guatemala.

In these meetings they discussed everything related to the success of the OAS General Assembly to be held in July 1991 in Chile. The previous meeting in Chile was in 1976. One item on the agenda pertains to international relations and the revision of positions following the Persian Gulf war. In the field of bilateral agreements, a very clear and pragmatic relationship will be promoted to increase trade.

Vargas' visits have already yielded their first results. The Chilean ambassador to Santo Domingo has reportedly expressed Chilean Government interest in increasing investments in the Dominican Republic's free zones. According to the ambassador these investments will certainly increase to take maximum advantage of the Initiative for the Caribbean Basin, and of the convention of [word indistinct].

In remarks made today the ambassador said that the Chilean Government intends to increase imports of rum from the Dominican Republic.

Another report has been received from Guatemala related to the results of the Chilean Foreign Ministry under secretary's visit to this country. The Guatemalan Foreign Ministry has reportedly expressed interest in increasing relations which for Guatemala will mean implementing the basic scientific, technical, cultural, and commercial cooperation agreements signed between 1970 and 1981.

The Foreign Ministry also reports that during his visit, Vargas invited the presidents of those nations to visit Chile.

* Government's Palestinian Policy Viewed

91SM0219A Santiago HOY in Spanish 11-17 Feb 91 pp 13-16

[Article by Carmen Luz Parot]

[Text] The decision the government must make is not at all an easy one: speaking out firmly and clearly on what diplomats call "the Palestinian question." It must do so because it is an issue that is unquestionably one of the worst afflictions besetting the world. It is a problem which, like almost all other conflicts as this century draws to a close, had its origins in offices and international forums. It was started by pencils that drew new maps and wrote of wars. Furthermore, as it was born, so must it be resolved: by agreement. Chile will have to take a stand and define its posture as soon as the conflict with Iraq ends. For that purpose, the government intends to open a "great national debate": in Congress (where parties will not operate as benches and where each will express the positions taken), the press (where there is already a kind of Palestinian-Israeli conflict), and various organizations and institutions often headed by men with middle eastern names.

It is indeed necessary to consider the issue of terrorism that accompanies this fight. After all, the Israeli and American embassies and Arab representations will not stand idly by.

Chilean Plan

"Is your brother a professional terrorist?" a woman journalist asked Yasser 'Arafat's brother two years ago during his visit to Chile. "No," the stunned Arab leader answered. "He is an engineer."

The illustrious visitor, the first of a series of Palestinian authorities to arrive in our country, had a right to be angry. His famous relative had given up terrorism. At least that is what he told the UN General Assembly weeks after the PLO, in Algiers on 15 November 1988, proclaimed a Palestinian state in exile and said it was willing to recognize the Israeli state. The idea could be summed up in one sentence: "Peace for territory." In less than a month, over 80 nations—mainly Arab, African, and East European—recognized the Palestinian state. In Latin America, only Cuba and Nicaragua responded to the appeal. In contrast, PLO offices were opened in Mexico, Brazil, Bolivia, and Peru. The rest remained doubtful, while others such as Argentina, where nearly a half million Jews live, rejected it.

The area simply needed a little boost: If one country began, perhaps the rest would follow. At least this was the PLO's theory. Chile was chosen as the country for the "little boost." It is a democracy with the largest Palestinian colony in the Western world (350,000), and it has a high percentage of professionals and major control of trade, industry, banking, and transportation. The small Israeli community in Chile (35,000) offered stiff resistance, however. Its economic might is considerable, its influence over education substantial, and Ambassador Daniel Mokady is a man with a powerful personality.

Baseball Bat

Shortly before turning over power, President Pinochet invited a few members from the Palestinian Federation

of Chile to his home in Bucalemu and informed them the government was ready to open an office of the Arab League with diplomatic rank through which the Palestinians would be represented. The offer was rejected because, as acting president of the Federation Miguel Diaz Cumsille stated, "Our objective is to have a headquarters in Chile where the Palestinian flag will fly." However, this was somewhat of an opening inasmuch as, in Diaz' opinion, the former regime maintained close relations with the Israeli Army.

On 16 December 1989, two days after the presidential election, Patricio Aylwin received at his home the PLO's representatives in Chile, Francis Chomaly and Rita Hazboun, the organization's two deputies residing in Chile. They wanted to congratulate him on his victory. As Shomaly recalls, at this informal meeting they expressed the desire that a PLO office be opened in Chile: "He answered that he was acquainted with the Palestinian issue and the Palestinaian people's right to self-determination as an independent state and that he hoped relations would be formalized in time."

Concrete steps were taken. President Aylwin himself met with Palestinian Foreign Minister Faruk Kaddumi. Speaking before the United Nations on 28 September 1990, Aylwin expressed the Chilean Government's support for the Palestinian people's inalienable right to set up a sovereign state, while at the same time recognizing Israel's right to a state within secure, internationally recognized borders.

It was the first time a Chilean representative had expressed its support for Palestinian aspirations before the United Nations. Previously, it had merely supported certain resolutions. However, Chile abstained from voting on the partition of Palestine in 1947, for example. The then Chilean president, Gabriel Gonzalez Videla, explained in his memoirs that this neutral position was an attempt to avoid a confrontation between the two communities in our country.

Since that time, Chile has repeted its fear that the conflict in the Middle East could shift in this direction, which may well be the argument explaining why Chile has still not recognized the Palestinian state.

In November 1990, when a large PLO delegation was here as guests of the Socialist Party, appearing before Congress and causing a debate in the Chamber of Deputies, a violent terrorist attack occurred at the National Stadium. During a baseball game on 17 November, an exploding baseball bat killed one Canadian citizen and left four other team members wounded. That same day, Radio Monumental received an anonymous telephone call in which an alleged member of the PLO claimed credit for the attack. The next day, Radio Cooperativa reported another call, this time from an alleged Israeli commando from the Mossad (Israeli Intelligence Service) claiming credit.

Hotbeds of Terror

Two weeks ago, HOY talked with Israeli Embassy First Secretary Rafael Adar Shutz and asked him about the Israeli Government's opinion of the sale of Chilean arms to Arab countries. The response was categorical: "It is not a matter of top priority."

"Then what is?"

"That the Chilean Government not authorize the opening of a PLO office," the official answered.

Concern on the part of the Israeli community in Chile is palpable. Isaak Srenkel, former international vice president of the Jewish organization B'nai B'rith, says "the opening of a PLO office is a risk for the entire nation because experience shows they are hotbeds of terror." He adds that such an office could lead to a confrontation between the two communities. "But I am optimistic," he added. "If the Jewish community took steps with the Foreign Ministry to prevent it before, it is no longer necessary. There is no doubt that Chile will not authorize such a headquarters because of the support which 'Arafat gave to the government of Iraq." He explains that the PLO opened its office in Bolivia in exchange for support for access to the sea. "I have the documents to prove it," he says.

Miguel Angel Diaz Heresi, general secretary of the Palestinian Federation of Chile, rejects such accusations, claiming it is an image created by American Information Agencies to discredit the PLO as the Palestinian people's representative.

In that sense, Shomaly says that one of the obstacles to recognition of the Palestinian state lies in the strong pressure which the American Government places on Latin American nations. "The United States does not want an office to be opened in Chile or anywhere else for any reason whatsoever." Moreover, he warns that "if a Palestinian headquarters should be opened in Chile, five or six countries in the region will follow suit."

Nor is the national press exempt from such pressure. According to Diaz Cumsille, members of the Palestinian Federation once approached EL MERCURIO to express their concern that, in their opinion, the newspaper was creating an atmosphere of disinformation about the Palestinian struggle. "This is understandable," Diaz Cumsille observes, "since its editor, Mr. Edwards, is of Jewish ancestry." Furthermore, members of the Israeli community approached the newspaper LA TERCERA, now controlled by the Abumohor group, to express the same concern but from the opposite point of view.

Foreign Ministry's Position

The Chilean Government's proposal is as follows: A consensus must be achieved on major decisions, and recognition of the Palestinian state is one of the issues requiring an effective agreement between political parties, pressure groups, and all institutions affected. For that purpose, the government initiated a dialogue with

various organizations and officials. Nevertheless, the outbreak of war in the Middle East and the PLO's support for Iraq (one must recall that, at one point, Husayn offered the Kuwaiti territory to the Palestinians, who rejected it) halted talks.

Ministry of Foreign Relations officials are highly cautious on the issue. "We are totally willing to begin a dialogue," they say, while recognizing that such a thing is not advisable under the current circumstances. Once the conflict is over, it is not known whether there will be a radicalization of the PLO and they prefer to speak of "marking time." However, they say it is very possible that the issue will be forcefully taken up again in the months ahead. One drawback is that Chile has traditionally recognized nations when there is a territorial base and sovereignty. Recognizing the Palestinian state is contrary to that tradition.

However, the end of the war will doubtlessly bring about profound changes in the situation in the Middle East and the "Palestinian issue" will be one of the points vigorously debated by the United Nations.

It is a complex issue and there are many pressures. Every so often a telephone call awakens Francis Shomaly's family at dawn: "You are a dead man," the voice says. In addition, unknown individuals planted a bomb at the Hebrew School in Santiago. This endangers the peaceful coexistence that has existed throughout the century between the two important and influential Israeli and Palestinian communities in Chile. And, as in the time of Gabriel Gonzalez Videla, one can no longer remain aloof.

Whatever the case, if the Palestinian state is recognized, Yasir 'Arafat promised to visit.

Colombia

Medellin Crime Increases; Drug Trafficking Down

PA2703001391 Paris AFP in Spanish 1552 GMT 26 Mar 91

[Text] Medellin, Colombia, 26 Mar (AFP)—In statements made today to the privately-owned Radio Cadena Nacional, Colonel Aldemar Bedoya, commander of the Medellin Metropolitan Police, said that 62 people were murdered by common criminals in Medellin over the past three days. Meanwhile, the drug trafficking mafias have begun an apparent truce.

The officer said that in Medellin—headquarters for the cocaine cartel headed by Pablo Escobar—the narco-terrorist activity has dropped by almost 100 percent in the past few weeks; however, he admitted that the number of common crimes and subversive actions have increased.

Col. Bedoya said that approximately 20 people are killed every day in Medellin. He described the crime rate as high but added that this is the result of "years of quarrels and vengeance among the various groups of bandits and this is now becoming evident."

Bedoya said that all the crimes are committed with guns and added that for many years now, the use of knives has been out of the criminal picture in Medellin, Antioquia Department, where a large number of pistols and revolvers are constantly being seized.

Col. Bedoya also said that "Medellin is the most heavily armed city in Colombia," and admitted that during street raids carried out by soldiers and policemen, "a large number of weapons are always seized."

The commander of the Medellin Metropolitan Police said that many of the people who are arrested for illegal possession of weapons are released shortly after because the weapons they use are the so-called "changon," a sort of "homemade" weapon [hechiza] and not the type that only the military is allowed to use.

In the past three days, three sets of brothers have been murdered—in separate incidents—in Medellin. The cause of the crime and the identity of the murderers remain unknown, the police commander said.

Also murdered in El Pedregal neighborhood, in the northeastern sector of Medellin, were John Jairo and Luis Carlos Gomez Bedoya and Hector Alonso and Juan Carlos Zapata Manco. "We believe those crimes were motivated by vengeance," Col. Bedoya said.

Among those murdered in the past 72 hours is businessman Oscar Mario Londono Zapata. Londono Zapata was kidnapped on Sunday and his body was found inside a car left in a partially uninhabited area between the municipalities of La Estrella and Caldas, south of Medellin.

Two FARC Fronts Announce Holy Week Truce

PA2603192791 Paris AFP in Spanish 0420 GMT 26 Mar 91

[Text] Bogota, 25 Mar (AFP)—On 25 March, two guerrilla fronts that operate in Cauca Department, southwestern Colombia, announced that they will temporarily suspend activities during Holy Week celebrations.

They are the 8th and 29th Fronts of the self-styled Revolutionary Armed Forces of Colombia (FARC), whose commanders met with the regional peace commission headed by Monsignor Alberto Giraldo Jaramillo, the archbishop of Popayan.

The guerrilla leaders, according to a correspondent of the privately owned RCN [Radio Cadena Nacional] network in that departmental capital, located 620 km from Bogota, committed themselves to observe a cease-fire this week.

Ceremonies to mark the passion and resurrection of Jesus Christ have special importance in Popayan; in fact, they have been compared to those held in Seville (Spain),

thus attracting many nationals and foreigners, who also will attend a famous religious music festival.

Meanwhile, the guerrillas have denied holding three women who were recently kidnapped, pointing out that they could be in the hands of common criminals, who pose as rebels to commit their crimes. However, they did admit holding as "prisoners of war" a lieutenant and a policeman captured during a recent rebel incursion into Argelia municipality, Cauca Department.

Assembly Member Offers To Make Peace Contacts

PA2603230891 Bogota EL TIEMPO in Spanish
22 Mar 91 p 6-A

["Text" of letter sent by Constituent Assembly member Alvaro Leyva to the Episcopal Conference; date of letter not given]

[Text] I would like to use this opportunity to point out that I do not intend to become a regular liaison between you [Episcopal Conference] and the Simon Bolivar National Guerrilla Coordinating Board [CNG]. Dear priests, it must be made clear, however, that I am only interested in peace and my country's fate, and I will gladly make my services available so that contacts can be established as soon as possible.

I am pointing this out because I do not want to assume any role that could become an obstacle to the impending process of reconciliation; a process which we all hope will be swift and crowned with a happy ending.

For the sake of clarity, I have neither insinuated nor sought to be in the position in which I find myself in today. By this I mean a position of liaison between you, who seek peace, and those who have taken up arms but also desire peace.

I view the request for my participation at the opening of dialogue as a continuation of the search for reconciliation that, among other things, is not always appreciated or understood.

Authorities Dismantle ELN Cell in Saravena

PA2703035591 Bogota EL TIEMPO in Spanish
23 Mar 91 p 8A

[Excerpt] For the fourth time in the last three years, the intelligence services of the Army, the police, and the DAS [Administrative Department of Security] have dismantled an urban cell of the Army of National Liberation (ELN) which operated in Saravena (Arauca Intendancy).

Fifteen men, including one official of the Incora [Colombian Institute of Agrarian Reform] and one professor, were arrested in an operation that lasted 48 hours. Approximately 50 houses were raided during this operation in Saravena.

Colonel Ramon Santander Fuentes, commander of the Operating Commando No. 2, stated on 22 March that the 15 insurgents have been charged with murder, transporting war materiel, terrorism, and threatening the civilian population.

The 15 detainees were placed in the custody of the Judicial Investigation Unit of Public Order. It was learned that five rebels confessed their participation in criminal activities. The remaining insurgents provided statements to the Saravena attorney.

One hundred members of the Rebeiz Pizarro Battalion and 35 secret agents of the Arauca Intendancy Police Department and the DAS were arrested: Argemiro Mejia, 'Julio'; Manuel Reyes Marimon; Severo Bastos; Jose Luis Reina Cuadros; Ovidio de Jesus Lopez Serna; Pablo Garcia Sanchez, 'Porfirio'; Jesus Romero Contreras; Olimpo Rojas Agudelo; Freddy Duarte Ramirez; Nicolas Sierra Mora; Gonzalo Lizarazo Tavera; Ramon Martinez Beltran, 'Raul'; Samuel Moncada Galvis; Isaac Dulcey Luna; and Jose Ismael Contreras, 'Chepe.' [passage omitted]

Government Adopts Strategy To Reduce Court Load

PA2703042691 Bogota EL TIEMPO in Spanish
22 Mar 91 pp 1A, 9A

[Article by Edgar Torres]

[Text] The Cesar Gaviria administration has radically changed the previous government's strategy to deal with a congested justice system and has virtually scrapped the program devised by former President Virgilio Barco.

According to Barco, Colombia had to expand the judicial system by 9,000 positions in an effort overcome the problem of case overload.

So far, 2,000 positions have been filled, however, hiring for the additional 7,000 positions has been suspended.

Justice Minister Jaime Giraldo Angel has said that: "We have to wait and see what the effects the provisions of the law to keep misdemeanor cases out of the judicial system will have; there is no need to create new positions if this mechanism lightens the judicial case load."

He added that "the government will not create any new position in the judicial branch unless it becomes absolutely necessary."

Thus, Colombia has adopted a new strategy of dealing with the crisis in the judicial branch, at least as far as case overload is concerned.

The country is now moving away from a program devised by Barco Vargas that advocated an increase in the number of judges to a program calling for the handling of the case load by community institutions outside the judicial system.

In the opinion of President Cesar Gaviria, Justice Minister Jaime Giraldo, and a team of presidential advisers concerned with the justice system, "the process of progressive jurisdiction had caused the judges to rule on all cases. This resulted in a backlog of court cases and led to an absolute impunity before the law."

The current government concluded that the alternative was to transfer cases from the jurisdiction of the courts to civilian authorities and the community.

The Law for the Decongestion of Justice, sanctioned yesterday by the chief of state, makes provisions for the transfer of misdemeanor cases and court settlements to authorized police inspectors.

Regarding court settlements such as civil, labor, and family conflicts—cases that were already being handled by the courts—the law provides arbiters with an expanded framework to handle situations pertaining to administrative law and conflicts between the individual and the state.

In the opinion of a government team in charge of administration of justice, all these mechanisms will contribute to reducing the case overload. A temporary strategy that includes two additional actions will be also be implemented.

First, Giraldo said that, "court proceedings that have lasted for two years, without any suspects and with no evidence being presented, will be the object of a writ of prohibition and treated as solved cases."

He noted that: "there are hundreds of such cases. Judicial Police have approximately 1 million cases and 500,000 of these cases are in this category."

Second, evidence can be admitted on merit in cases where the court proceedings have lasted for over three years; such a case can either be reopened for investigations, the evidence reexamined, or the case dropped.

Health Ministry Reports Cholera Cases on Coast

PA2703032091 Bogota Inravision Television Cadena 1 in Spanish 0014 GMT 27 Mar 91

[Text] The health minister placed the Pacific coastal regions of Narino, Cauca, and Choco Departments on a state of alert today because six cases of cholera have been confirmed. Seventy-five samples were sent to the National Health Institute in Bogota to be analyzed, however the authorities say we cannot talk about a cholera epidemic in the country.

* Changes in Military's Security Mission Viewed

91SM0217A Bogota SEMANA in Spanish 19 Feb 91 pp 17-20

[Excerpts] Hitting the guerrillas hard enough to be able to sit down and negotiate demobilization has been the watchword of recent administrations. Nevertheless, the doubtful results of military operations have left the widespread impression that the Army has fallen short of Colombians' expectations in terms of internal security, and that the guerrillas of the Revolutionary Armed Forces of Colombia (FARC) and the Army of National Liberation (ELN) have actually gained ground rather than losing it. [passage omitted]

The pat response to this situation for many years has been that it is a question of money. They say that if the country wants the armed forces to win the war, their budget must be increased so that they can function properly. The problem is, the military budget has been increased, but that has not necessarily been reflected in efficiency on the battlefield, or in the streets of the major cities where criminal activity is rising day after day.

Huge amounts of money have been invested in national defense, as compared to social investments such as education and health. To cite just one example, in 1990 more than 93 billion pesos were allocated to the military; this was three times greater than the allotment to education, and twice as large as the health sector's allotment.

Official sources say that military spending as a percentage of GDP [gross domestic product] has risen continually since 1975, from 0.8 percent that year to 1.3 percent in 1990. The jump in 1987 was especially large. In the last 6 years, appropriations for the defense sector have risen 47 percent in real terms. In contrast, total appropriations in the national budget have risen just 7.6 percent during this period.

But although military spending has grown at a faster clip than GDP in the last 15 years, it cannot be considered high in historical terms, or in comparison with that of other countries, according to sources at National Planning. [passage omitted]

If the average citizen is asked in what area the armed forces should be strong, his response will undoubtedly be repressing guerrilla warfare and narcoterrorism, which are the two types of violence that have the greatest impact on the daily lives of Colombians.

Paradoxically, an analysis of investments over the last few years reveals that military priorities are completely different. Item: In 1987, the National Council for Economic and Social Policy (CONPES) approved two authorizations for obtaining foreign loans for the military. The first was for $64 million and was intended for the financing of an emergency plan to control disturbances of the peace. The second authorization, which coincided with the corvette Caldas incident in the Gulf of Coquivacoa, provided $513 million for a development plan whose objective was "to give the military the material and equipment it needs to increase its combat strength to deter, repel, and destroy any external threat to the vital interests of the nation."

Although the corvette episode could have justified an increase in the purchase of sophisticated weaponry that year for a possible defense against external attacks,

military investment decisions have constantly given priority to that front. The orientation of investments toward strengthening the country's defense against potential external enemies has been a general trend in the country and has led to a distortion in strategy, tactics, and military equipment. An analysis of the development of military spending in the last few years shows that most of it has been financed by foreign credit resources. Of the $800 million in outlays between 1986 and 1990, 43 percent went to the Air Force, 30 percent to the Navy, and only 26 percent went to the Army and the Police. And this was a period when all forms of violence intensified on the domestic front.

Although suspicious analysts attribute this tendency in large measure to the commissions paid for foreign purchases of sophisticated defense equipment, one factor that has weighed heavily in this type of decision has been the greater availability of foreign credit in dollars than of domestic credit in pesos. According to sources at National Planning, "one of the problems in military spending is inflexibility, associated with the composition of available financing: There is an abundance of foreign credit and a limited amount of pesos available to spend. This fact not only leads to lower spending on the most essential items, but also makes them unnecessarily expensive."

Since things cannot last forever and the problems of public order are growing worse by the day, the administration of President Gaviria has decided to reverse the trend and focus efforts on strengthening Colombian internal security. And the first step was the order to revise military planning through 1993. Existing plans called for the Navy and the Air Force to receive more than 95 percent of budgeted investment, which merely continued the trend. The Gaviria administration felt that this was incompatible with the internal need to maintain public order.

And in drawing up what has been called the "strategic plan," which seeks to improve the efficiency of military spending over the next few years to ensure that the amount of investment is reflected in an increase in security for Colombians, the government has made a decision that many regard as historic. For the first time, the National Council for Economic and Social Policy (CONPES) is not just limiting itself to authorizing investments in the military sector; it is participating in allocation decisions, bearing in mind the current needs of national internal security. A high-ranking government official has said that "the limited offensive capacity that the armed forces have demonstrated recently is a function of the scarce resources that have been budgeted for internal security. The difference between an offensive posture and a defensive one is a question of money. Hence the government's decision to correct the allocation of expenditures."

This same criterion inspired Decree 416 of 11 February, which created the so-called "war tax." Under the state of siege, the government clearly established two things: first, that the tax revenues will be used to meet "the additional and special requirements" of dealing with violence, and not to "plug holes"; and second, that the funds can only be allocated for expenditures that strengthen internal security, which were specified in the decree. The point of all of this was to avoid succumbing to the temptation to buy fancy fighter jets or submarines that have little or nothing to do with combating the guerrillas.

The creation of two new mobile brigades, each consisting of 1,500 professional soldiers on the government payroll, is a palpable demonstration of the change in strategy that the Gaviria administration is seeking. It is this type of brigade that has proved to be the most efficient in the countersubversion effort. These combat brigades will be supplemented by patrol companies that will protect pipelines, oil fields, mining installations, bridges, power pylons, etc. In addition, budgeted funding for military intelligence will also increase.

Aside from correcting the investment bias and strengthening troop training and equipment so that they can face the country's internal conflicts, the Gaviria administration is also determined to bridge the gap between the armed forces and civilian society. The administration believes that the estrangement between the military and civilian sectors is due in large measure to the indifference that the ruling class has traditionally shown towards the armed forces. A ranking official says, "What we have had here is an act of collective irresponsibility that caused the National Front to create a process of isolation, turning the armed forces into a kind of golden cage that was completely cut off from the civilian population." According to a retired general, "The ruling class is not even aware of our existence when there is peace in the country, but if the situation turns serious, they immediately look to us and have even suggested coups."

President Gaviria's concern with bridging the gap between the citizens of Everfit and the troops was made evident by his appointment of Rafael Pardo Rueda as national security adviser. Pardo is an economist who advocates andean unity and formerly served as an adviser on peace matters. Although the position of national security adviser is a new one, it was foreseen as early as 1965, when national defense was organized by a law. That year the Higher Council of National Defense was created, the equivalent of what is now known as the National Security Council, which has a permanent executive secretariat. This post had always been held by military officers with the rank of colonel or general, and President Gaviria is the first to appoint a civilian to the job.

Thus, there are new developments on the front, and the Gaviria administration's objective is to encourage the military and other elements of the public sector to work together on the design of a plan that will enhance the efficiency of military spending. It is imperative that this spending respond to the specific manifestations of violence in this country, and to the need for the state to truly protect Colombian lives.

Allocation of Foreign Credit
Defense Ministry - National Police 1988-1990[1]
(Millions of US $)

Force-entity	1986	%	1987	%	1988	%	1989	%	1990	%
Air Force	25	15.8	8.0	8.7	83	46.1	141	68.5	86.0	48.6
Navy	67	42.4	56	60.9	44	24.2	19	9.4	62.0	35.2
Army	27	17.1	9	9.8	24	13.5	29	13.9	18.0	10.4
Police	37	23.4	17	18.5	23	12.5	8	4.1	4.0	2.1
Military Hospital	0	0.0	0	0.0	0	0.0	2	1.2	3.0	1.4
National Territorial Air Service (SATENA)	0	0.0	2	2.1	7	3.7	5	2.3	0.3	0.2
General Command	2	1.3	0	0.0	0	0.0	2	0.7	3.7	2.1
Total	158	100	92	100	181	100	206	100	177	100

1. Does not include international aid and cooperation

* 'Apertura' Failure To Foster Production Viewed

91SM0218A Bogota EL TIEMPO in Spanish
10 Feb 91 p 1-c

[Commentary by Hermogenes Ardila]

[Text] In many sectors of the country's economy there is a feeling that the process of modernizing and internationalizing the nation's productive sector is stagnant, and that the only thing that has progressed is the liberalization of trade.

This impression has become evident a year after the National Council for Economic and Social Policy (CONPES) approved the *apertura* [opening of the economy] on 22 February of last year, when it decided to give free rein to a new growth model.

Several obvious situations have prevented more rapid progress in the specific area of the modernization and internationalization of the economy over the past 12 months: the strictness of the monetary policy, delays in carrying out infrastructure projects, and the country's security and public order situation.

The program has had many enemies, including the monetary and fiscal circumstances; the government has been forced to give priority to the short term as a means of controlling inflation.

In this manner, short-term credit has shrunk almost to the point of nonexistence; rigorous measures such as the marginal cash reserve of 100 percent made it possible to shorten the term of drafts issued to pay foreign suppliers for imports, and to reduce public investment.

Even members of the economic team recognize that without credit businesses cannot modernize, and that internationalization is not possible without ports, good highways, and modern railways.

Representatives of the private sector frequently remark that the government, during this first year of *apertura*, pitted domestic industry with its "hands tied" against foreign production.

Furthermore, they express fear that the monetary and fiscal measures will be prolonged if the battle against inflation does not yield quick results. If so, modernization would remain in limbo, and of course so would the desire to internationalize the economy.

But there are also other factors that have affected *apertura*. The main one is violence, which inhibits new foreign investment in Colombia and causes Colombian investors to think twice.

Although an evaluation of the results would be quite premature, the first year of the program has been disappointing in terms of credit flows and infrastructure improvements for specific purposes of modernization.

Initial Data

Last year the special credit lines from the Bank of the Republic followed traditional patterns; the private sector did not turn to them any more than usual. Loans from the Private Investment Fund, for example, went from 17.283 billion to 22.951 billion pesos, a growth of 32.8 percent. This was similar to the rate of inflation.

The Industrial Financing Fund's involvement rose from 18.531 billion to 27.702 billion pesos, but these funds went to programs outside of the *apertura* scheme.

Both Finance Minister Rudolf Hommes and National Planning Department chief Armando Montenegro Trujillo have indicated that despite the monetary restriction, the Bank of the Republic is inundated with funds.

This assessment may be correct, but the loans extended by the Central Bank are for specific projects, not for the modernization, adaptation, and relocation of businesses that the *apertura* program envisions. At least that is the

opinion of business leaders such as Carlos Alberto Garay Salamanca, who has close ties to the Central Bank.

For now, external credit offered by international development banks is not available to industry, either. Not until the CONPES provides a government guarantee, which it will do in the next few weeks, will the $200 million loan from the World Bank be available for reconversion.

Moreover, although it is true that congressional authorization for the privatization of services in Colombian Ports Enterprise was a major step forward, the program to modernize this transportation system is moving very slowly.

As for the railroads, the formation of the mixed enterprise Railroad Transport System (STF) to manage the train system is six months behind schedule.

The climate of insecurity has also slowed down the process in the last 12 months. Uncertainty about the country's future, in view of the wave of terrorist attacks, has caused many businessmen to put off expansion and modernization decisions.

Laying the Groundwork

From another standpoint, progress has been made in laying the groundwork for propelling the economy toward internationalization. One accomplishment is congressional approval of basic laws such as finance and exchange reforms, the Model Foreign Trade Act, and labor reforms. The reforms give the program a practical underpinning, but they could have been implemented at any time, regardless of *apertura*, simply because the country needed them.

Thus, according to the government, there are guarantees for the more intensive advancement of the process that began in February of last year, given that the economic adjustment program is temporary and credit will become stable once again as soon as the inflationary trends are counteracted.

In this way, the *apertura* program, which so far has been inwardly directed, would be complemented; then work can begin on accelerating programs for the reconversion and relocation of businesses at strategic sites.

What has been done so far? The most representative development has been the liberalization of trade, which some critics say should have been one of the intermediate steps.

Today 97 percent of the tariff positions fall under the free importation schedule. The remaining 3 percent, which correspond to the farm sector, national security, and narcotics, are included in the prior license schedule.

In addition, tariffs have been reduced for capital goods imports, and a schedule has been drawn up for the elimination of tariffs.

But last year imports were virtually stationary, which suggests that they have not yet taken off.

Peru

Argentine Radio Cites Rumors of Possible Coup

PY2603172691 Buenos Aires Radio Nacional Network in Spanish 1600 GMT 26 Mar 91

[Text] Rumors of a coup d'etat are worrying the population in Peru. The alleged coup, which would be sponsored by some interested parties, is echoed in the Peruvian press. Some versions say the initiative comes from President Alberto Fujimori himself, who would continue as president.

Fujimori Rejects Peace Talks With Guerrillas

PY2603200891 Madrid EFE in Spanish 1551 GMT 26 Mar 91

[Report by Francisco Figueroa]

[Text] Lima, 26 Mar (EFE)—Peruvian President Alberto Fujimori, apparently very sure of his post, has opposed peace talks with the guerrillas who have been making the country bleed for the past 11 years. Fujimori thinks the cholera epidemic will mean "more hunger and unemployment" because of the negative international response.

Fujimori, 52, has been in power for the past eight months. He granted an interview to EFE at the government palace in Lima. The president said the government cannot negotiate peace with the armed Shining Path (Maoist) and Tupac Amaru Revolutionary Movement (Guevarist) "under the present circumstances."

According to the Peruvian president, the "dirty war" that has caused over 22,000 deaths and has resulted in damage totaling more than $20 billion—an amount similar to the country's foreign debt—will last "a few more years." Fujimori said he trusts he will be able to solve the guerrilla problem before the end of his mandate in 1995.

Fujimori said that his government is directing counterinsurgency operations against the guerrilla leadership and is seeking to avoid confrontations with peasants. He added that this policy has resulted in a "significant reduction" in the number of missing people and victims of the political violence.

According to UN reports, however, Peru for the fourth consecutive year is the country registering the highest number of coerced disappearances. Fujimori said he hopes to reduce the sinister statistic "to more reasonable levels, if one can speak in those terms."

According to Fujimori, who only commands a minority in Congress, he rules this country of 22 million people based on the "loyal and real" support of the Armed

Forces and the "understanding" of the people." Fujimori rejected the idea of any risk of a coup in Peru.

Despite the political violence that conditions life in Peru, Fujimori said he does not fear for his life, "not even for the lives of my children," or of a possible "failure because these eight months in government are an indication that our projects will work."

Regarding the surveys that show a sharp drop in popularity from 70 percent to 30 percent, Fujimori said: "The same firms (which conducted the survey) failed" to correctly forecast the result of an even duel with right-wing candidate and writer Mario Vargas Llosa in the June 1990 runoff presidential election.

Fujimori said that Peruvians understand that he is on the correct path even though his government's liberal economic policy and his privatization policy are "really tough" and demand "many sacrifices" from the people.

Fujimori said that his government has adopted measures to increase the security of the citizens and to entice foreign technical investments into the country.

Regarding drug trafficking, Fujimori said that he intends to reduce Peru's participation in the drug market, which now amounts for 60 percent of coca leaf production in the world.

The president recognizes that the fight to eradicate coca plantations "has failed," and that his government wants to implement an agreement with the United States to strengthen alternative crops with profitable prices and markets "to win over to legality" nearly a million coca growers.

Fujimori stressed that the most important part of the agreement is not to obtain a substantial reduction of the foreign debt—calculated at $21 billion—but "the number one goal is to eradicate drug trafficking, which seriously affects our economy and our national security."

According to the president, the annual $1.5 billion from drug trafficking that enters the country has a negative effect on the foreign exchange market, it reduces profits on exports, and it promotes corruption through its support for subversive groups.

Fujimori said he is not concerned about the enemies that he might have made during his eight months in government due to his strong criticism of the police, Congress, the judges, and the Catholic Church. "The people think as I do," the president said.

Fujimori denied that his government's alleged shift to the right has meant a separation from those who voted for him, which are primarily leftists, the poor and those who voted for him to stop Vargas Llosa.

"I will be known as the president who broke all precedents and who brought responsibility to the government. If these political groups (which he defeated in the election) protest it is because we are changing things," Fujimori said.

"Some of them throw up their hands saying: I do not understand the president. The people, however, understand me," he added.

Regarding charges from his adversaries, and from two of his ministers, that he sponsors nepotism, Fujimori said that "only one out of my five brothers, a lawyer, participates as an adviser."

"Do I not have the right to a loyal adviser to defend the interests of the majority and to prevent the continuation of mercantilism in Peru? What relatives are you talking about?" Fujimori asked.

The president has stumbled into the cholera epidemic, which in the opinion of experts shows a country bleeding in "terrible poverty," during his attempt to take Peru out of the "chaos" that he inherited from his predecessor Alan Garcia.

"The epidemic has grave consequences that are aggravated by the restrictions faced by our products in the international markets, which represents further undernourishment and more unemployment," Fujimori said.

"Latin American countries have shown true solidarity by lifting some of those restrictions, and the EC has issued a declaration in support of our products," Fujimori concluded.

Change 90 Movement Deputy Kills Cusco Policeman

Zegarra Reportedly Inebriated

PY2603151491 Madrid EFE in Spanish 1353 GMT 26 Mar 91

[Text] Lima, 26 Mar (EFE)—Change 90 Movement—Peru's ruling party—Deputy Vladimiro Zegarra killed a policeman in the city of Cusco last night. The Lima press reported today that the deputy, who was apparently inebriated, shot at policeman Roman Galindo Abraham, who was near him at a police precinct.

Another report states that the congressman was causing a scandal at the end of a night procession for the Lord of the Tremors [Senor de los Temblores], in which he had participated. Police pushed him into a patrol car and the deputy pulled out his pistol and killed one of the policemen accompanying him.

According to Peru's Constitution, Vladimiro Zegarra must be placed at the disposal of the Chamber of Deputies, which must decide on withdrawing his congressional immunity before he can be tried. A committee made up of five deputies must issue a decision on this within 24 hours.

Party Urges Immunity Revocation

PY2603234691 Lima RTP Television Network in Spanish 1800 GMT 26 Mar 91

[Excerpt] [passage omitted] We have just received a communique that reads as follows:

Executive Committee Unnumbered Communique.

In the face of the sad events that occurred in Cusco last night, the national executive board of the independent political movement Change 90 has decided the following during an emergency session held today 26 March 1991 at 0100:

1. To deeply regret the senseless murder of National Police member Abram Roman Galindo and express its condolences to his family;

2. To expel Mr. Vladimiro Zegarra Gutierrez from our party files for the execrable and condemnable crime he has committed;

3. To request that the honorable Chamber of Deputies removes Mr. Zegarra Gutierrez's congressional immunity so that the judicial branch can investigate and punish him with all the severity contemplated by the law.

Signed: Andres Reggiardo Sayan, national secretary general of the independent political movement Change 90. [passage omitted]

Factory Attacked Following Shining Path Threats

PY2603152891 Lima RTP Television Network in Spanish 1100 GMT 26 Mar 91

[Text] A dynamite attack on a warehouse for the Diamante shoe factory in Lima caused property damage in the early morning hours today. The blast totally destroyed the roof of the warehouse. The explosion at the slipper warehouse for the Diamante shoe factory occurred at 0030 this morning. The warehouse is on Block 9 of Argentina Avenue in the Lima township. The blast destroyed the front door of the warehouse as well as the roof.

Alfredo Arcien Acierbanos, assistant security manager for the warehouse, said they have been receiving constant threats from the subversive Shining Path group, which apparently perpetrated this dynamite attack.

For their part, personnel from the Explosives Deactivation Squad [Escuadron de Desactivacion de Explosivos] who went to the site reported that the terrorists threw a briefcase with a dynamite charge that exploded a few minutes later at the warehouse for the Diamante shoe factory, where 480 workers have been staging a general strike for one month.